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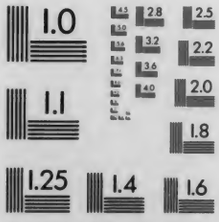

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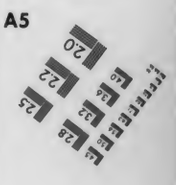

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MARKETING PRACTICES IN PRODUCERS' LOCAL COTTON MARKETS

By J. W. Wright, Senior Agricultural Economist

Washington, D. C.
May 1938

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This report, which deals with certain aspects and problems of the marketing process for raw cotton, is the first of its kind covering the Cotton Belt as a whole. The material is issued in preliminary form in order to make it available for administrative purposes and for the use of those engaged in research relating to producers' local cotton markets.

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MARKETING PRACTICES IN PRODUCERS' LOCAL COTTON MARKETS

by J. W. Wright, Senior Agricultural Economist 1/

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1/ This study was made possible by the cooperation of cotton growers, ginners and marketing agencies throughout the Cotton Belt. Data were collected by field representatives of the Bureau of Agricultural Economics sometimes assisted by representatives of the Bureau of Plant Industry and of State agricultural experiment stations. J. R. Kennedy and A. L. Roberts assisted with the statistical analysis of the data.

SOME PROBLEMS IN MARKETING COTTON

Transactions in raw cotton in central cotton markets and in spinners' markets almost invariably are based upon the classification of individual bales. As it is possible to use a range in grades and staples in the manufacture of most types of cotton goods, premiums and discounts paid for cotton above or below Middling 7/8 inch, the basis quality, tend to reflect spinners' evaluations of the various grades and staples from the standpoint of spinning utility.

In contrast with the situation prevailing in the central and spinners' markets with respect to price differentials for cotton of various qualities, the findings of Howell and associates indicate that at least in so far as single-bale sales are concerned, prices paid cotton growers do not, as a general rule, reflect the quality preferences of cotton manufacturers. 2/ These findings have been corroborated by economists of agricultural experiment stations in a number of the cotton-producing States.

But these studies do show very definitely that the average prices received by growers vary directly with the average quality of the cotton sold in each market. According to these findings, the production of cotton of the higher grades and longer staples is rewarded on a community basis but not on an individual basis. Under this system, which is commonly termed "point buying" or "hog-round buying," cotton growers who produce lint of better quality than the average handled through the market in which they sell do not receive the full premiums for their product. Those producing lint that is below the average quality of their community may receive more than their cotton is actually worth, based on price differentials prevailing in central and spinners' markets.

Obviously, the practice of "point buying" does not necessarily mean that buyers make an excessive profit. Usually, the cotton is resold on an individual-bale classification. In such cases, first buyers who purchase on average quality may sustain losses on bales of the lower qualities and receive compensating profits on bales of the better qualities.

As many cotton growers believe that costs of production per pound of lint are higher for the longer staples and higher grades than for the shorter staples and lower grades, "point buying" tends to encourage the production of cotton of inferior quality. The available information relative to the technology of manufacturing cotton goods indicates that by the use of the longer staples and

2/ Howell, L. D., and Burgess, J. S., Farm Prices of Cotton Related to Its Grade and Staple Length in the United States, season 1928-29 to 1932-33. U. S. Dept. of Agr. Tech. Bull. 493, 1935. pp. 1 - 63.

higher grades in spinning, (1) the output per machine and per operator is increased and the quantity of waste is reduced, each of which reduces manufacturing costs, and (2) stronger yarns and fabrics that are more durable and otherwise more desirable to ultimate consumers can be produced. 3/

Thus the failure of the marketing system to pass on to growers the price differentials which reflect differences in spinning value to cotton manufacturers, has undesirable implications from the standpoint of the ultimate consumers of cotton goods as well as of those individual producers who have comparative advantage in the production of cotton of the qualities most wanted by spinners. Furthermore, in view of the fact that foreign cotton-producing countries are making an aggressive attempt to improve the quality of their cotton, the competitive position of American cotton in world markets is made less favorable by practices that tend to discourage the production of cotton of the better qualities in the American crop.

In view of these implications, there has been considerable discussion during recent years of possible means for remedying this defect in the marketing system for cotton lint. The specific problems presented are: (1) What adjustments in the marketing system would be necessary to make it possible for individual cotton growers to sell their product on the basis of its quality? and (2) Would these adjustments be economically feasible?

An adequate factual background is essential as a basis for an analysis of the situation from the standpoint of these problems. Obviously any proposal for the modification of marketing institutions and procedures should be predicated upon reasonably complete information with respect to those institutions and procedures. For this purpose specific information is needed relative to the channels through which growers market their cotton, the buying and selling practices of first-buyers, the market outlets of first-buyers, and the attitude of growers and marketing agencies toward possible adjustments in marketing procedures that would improve the functioning of the marketing system. Likewise a general view of the cotton-market mechanism as a whole, within the framework of which producers' local markets function, is necessary for a proper orientation of these problems.

The specific purposes of the present study are: (1) to supply the background information needed for an adequate consideration of the more significant of the existing problems in producers' local markets; (2) to evaluate, in the light of this information, some of

3/ Whitaker, Rodney, Trends in the Quality of Cotton Consumed. U. S. Dept. of Agr., Bureau of Agricultural Economics, 1935. pp. 1-13. (Mimeographed.)

the proposals that have been made for improving the conditions under which cotton growers sell their product; and (3) on the basis of the information available, to suggest possibilities for improvements in marketing practices and procedures.

SOURCES OF DATA AND PROCEDURE OF ANALYSIS

Data relative to the conditions under which cotton growers market their product, and to the functioning of the markets in which growers sell, were collected at the end of the 1935-36 marketing season. They were collected by the survey method in 101 markets throughout the Cotton Belt. These markets were selected to provide a cross-section of the marketing situation in the various producing areas.

For the collection and analysis of original data, each cotton-producing State was considered as a separate 'universe.' The selection of markets in each State was made in collaboration with agencies intimately acquainted with the marketing situation in each instance, and was designed to provide an approximately correct picture of the marketing situation for that State, with the several more or less distinct patterns of marketing proportionately represented. The geographical distribution of the selected markets with respect to areas of cotton production is shown in figure 1.

Within each selected market, data were collected by field representatives of the Bureau of Agricultural Economics, assisted in some instances by representatives of the Bureau of Plant Industry. Three sources, cotton growers, ginners and marketing agencies, were used. Data relative to marketing practices of growers were obtained from a sample that included about 10 percent of the growers in the area tributary to each selected market. Data relative to marketing services and procedures were obtained from all the ginners and marketing agencies operating in each selected market. Approximately 500 marketing firms were interviewed. These firms handled approximately 865,000 bales or about 8 percent of the United States cotton crop in 1935-36.

The data were tabulated and analyzed by markets and by States. To provide comparable data for the Cotton Belt as a whole, the data for the individual States were weighted in each instance according to proportion of the total crop produced in each State during the season to which the data apply.

Unless otherwise indicated, the data herein presented are based on the surveys described.

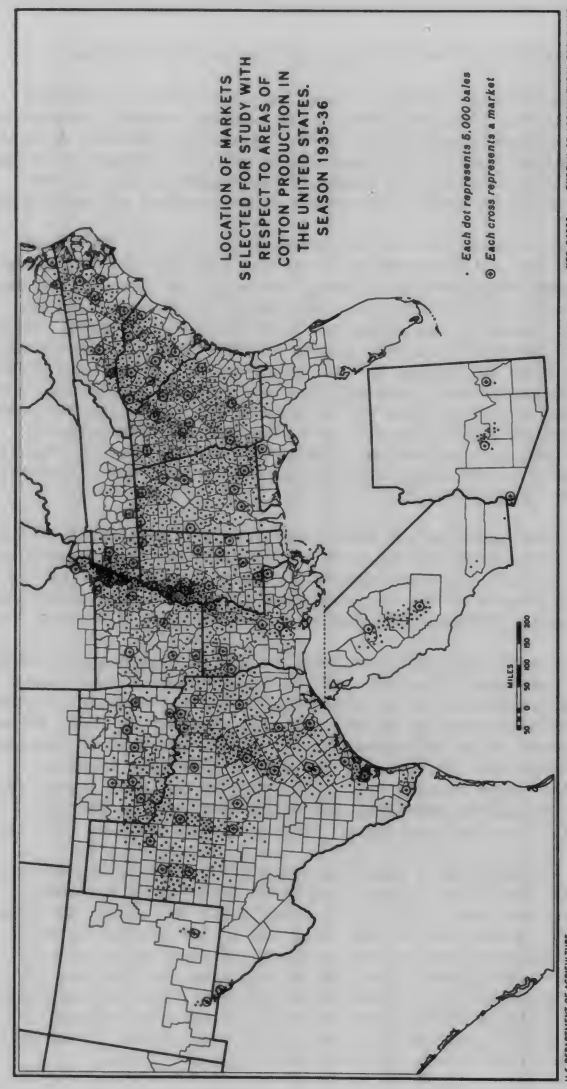
LOCATION OF MARKETS SELECTED FOR STUDY WITH RESPECT TO AREAS OF COTTON PRODUCTION IN THE UNITED STATES. SEASON 1935-36
· Each dot represents 5,000 bales
⊙ Each cross represents a market
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FIGURE 1.- DATA UPON WHICH THE STUDY IS BASED WERE OBTAINED IN 101 MARKETS DISTRIBUTED THROUGHOUT THE COTTON BELT. THESE MARKETS WERE SELECTED TO PROVIDE A CROSS-SECTION OF THE MARKETING SITUATION IN THE VARIOUS PRODUCING AREAS.

THE MARKET MECHANISM FOR RAW COTTON IN BROAD OUTLINE

The marketing channels through which American raw cotton passes on its way from producers to the consuming establishments concerned with its manufacture into cotton goods are somewhat diverse. The geographical location of producing areas with respect to consuming centers is, perhaps, the primary determinant of whether the market mechanism is simple and direct or circuituous and complicated.

In some localities in the southeastern part of the United States where the cotton produced is of the qualities used by nearby mills, growers sell directly to manufacturers. At the other extreme are the growers situated in producing areas far removed from the mills in this country and abroad where their cotton is used. In the latter case the cotton usually passes through several hands during its journey from the grower to the manufacturer. Under such circumstances, the assembling, transportation, storage, risk bearing and merchandising functions incident to placing the cotton in the consuming establishments have brought into existence an elaborate and complex marketing organization. Between these extremes of simplicity and complexity in marketing structures, are to be found a number of intermediate gradations (fig. 2).

Complete quantitative data regarding the proportions of the American crop passing through each of the distributive channels are not available, but there is enough to permit of approximating the relative importance of the various types of marketing agencies and of the principal distributive channels (tables 1, 2, 3, 8, and 33).

These data indicate that, outside of the southeastern States where the production of cotton and its transformation into yarns and fabrics are carried on in close proximity, the dominant pattern in the distribution of raw cotton is: (1) producer to local buyer, (2) local buyer to cotton merchant, (3) cotton merchant to domestic spinner through mill broker. If the cotton goes into export channels, the steps usually are: (1) producer to local buyer, (2) local buyer to cotton merchant, (3) cotton merchant to foreign importer, (4) foreign importer to foreign spinner through mill broker.

Not infrequently a factor or commission firm, a broker or a second buyer, functions between the local buyer and the central-market cotton merchant. It is not unusual for the cotton to change hands several times both in the local and in the central markets. Although these transfers of ownership at the same stage in the marketing process appear to complicate the process, they really sometimes facilitate it. Transactions between firms engaged in the same stage in the marketing process usually are made because of especially advantageous outlets for specific qualities of cotton that have been acquired in the first instance by other firms.

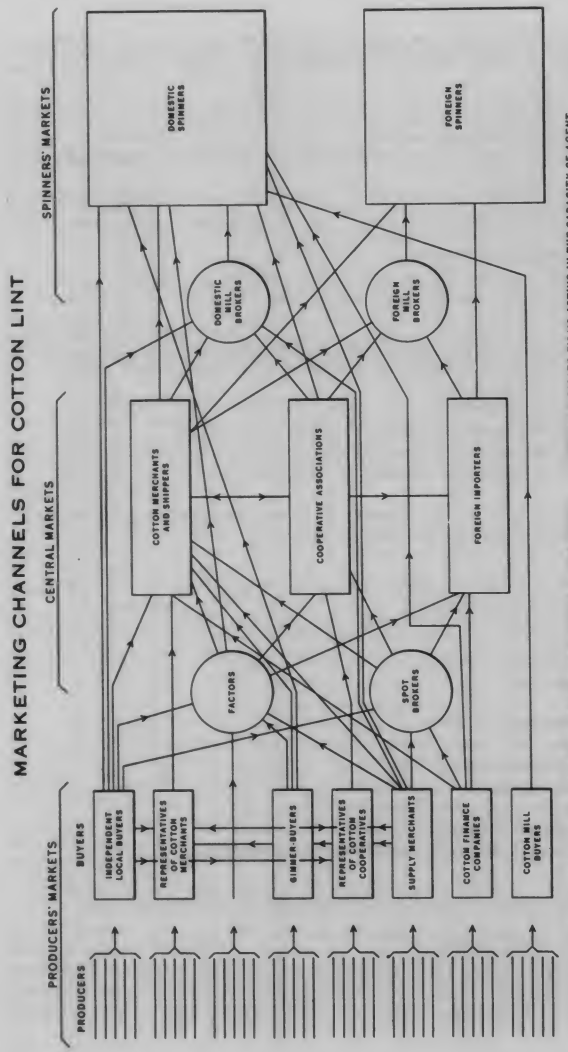

FIGURE 2.- DISTRIBUTIVE CHANNELS FOR AMERICAN COTTON ARE SOMWHAT DIVERSE. THE DOMINANT PATTERN IN DOMESTIC DISTRIBUTION IS: (1) PRODUCER TO LOCAL BUYER, (2) LOCAL BUYER TO COTTON MERCHANT, (3) COTTON MERCHANT TO SPINNER THROUGH MILL BROKER. FOR COTTON GOING INTO EXPORT CHANNELS, THE STEPS IN THE DISTRIBUTION PROCESS USUALLY ARE: (1) PRODUCER TO LOCAL BUYER, (2) LOCAL BUYER TO COTTON MERCHANT, (3) COTTON MERCHANT TO FOREIGN IMPORTER, (4) FOREIGN IMPORTER TO FOREIGN SPINNER THROUGH MILL BROKER.

Table 1. - Proportions of raw cotton purchased by domestic cotton manufacturers 1/ through specified channels 2/, season 1934-35

Source of raw cotton	Percent
Grown on company farms	0.17
Cotton growers direct	5.67
Cooperatives	10.87
Brokers and commission houses	20.43
Cotton merchants	58.92
General stores	2.50
All other 3/	1.44
Total	100.00

1/ Includes 27 firms consuming approximately 15 percent of the 1934-35 domestic cotton crop.
2/ Includes imported cotton.
3/ Includes country buyers, ginners, and other mills.
Federal Trade Commission, Principal Farm Products, Agricultural Income Inquiry. Volume 3, Chapter 3, Section 6.

Table 2. - Proportions of purchases of cotton merchants 1/ obtained through specified channels 2/, season 1934-35

Source of cotton	Percent
Cotton growers direct	13.69
Cooperative Associations	4.47
General stores	8.15
Brokers and commission firms	8.52
Ginners	8.88
Other cotton merchants	36.60
United States government	12.68
Importers	3.63
Received on futures contracts	3.23
All other 3/	.15
Total	100.00

1/ Includes 11 firms handling approximately 27 percent of the 1934-35 crop.
2/ Includes imported cotton.
3/ Includes banks, cottonseed oil mills and miscellaneous sources.
Federal Trade Commission, Principal Farm Products, Agricultural Income Inquiry. Volume 3, Chapter 3, Section 6.

Table 3. - Proportions of sales of cotton merchants 1/ to specified market outlets, season 1934-35

Market outlets	Percent
Domestic cotton mills	46.73
Other companies (domestic)	14.52
Exported	38.75
Total	100.00

1/ Includes 11 firms handling approximately 27 percent of the 1934-35 crop.
Federal Trade Commission, Principal Farm Products, Agricultural Income Inquiry. Volume 3, Chapter 3, Section 6.

Although some cotton is sold direct to mills by growers in the Southeast where cotton mills are located in cotton-growing communities, usually there is one, and often two, marketing agencies between growers and spinners even there. They are local buyers and cotton merchants.

The key position that the cotton merchant holds in the distributive process for raw cotton is attributable to the characteristics of the commodity and the way it is placed in marketing channels by growers, on the one hand, and to the requirements and purchasing practices of the manufacturers on the other. Usually there is considerable variation in the quality of the cotton produced even on a single farm. The range in qualities of cotton sold in a single local market frequently is very wide.

Sales by growers usually involve a small number of bales. But cotton manufacturers require for the manufacture of specific types of yarns and fabrics, cotton of a rather narrow range of grades and staples. From the standpoint of convenience and expense, manufacturers usually prefer to buy the qualities required, in even-running lots, of 50 or 100 bales or multiples thereof, the grade and staple of which is relatively uniform. This facilitates purchasing and simplifies the hedging operations.

Under these circumstances, the cotton merchant who assembles miscellaneous lots of cotton and concentrates them at strategically located points where the bales can be sorted into lots that are even running in quality, to supply on short notice the needs of individual manufacturers, performs an essential function. In most instances he can do this work more efficiently than manufacturers can. However,

these manufacturing firms engaged in the production of a wide range of cotton products can frequently use practically the entire range in qualities available in a given area. It is not unusual for such firms to buy direct from growers or from various types of local buyers.

From the standpoint of their position in the marketing process and of functions performed in each, cotton markets are grouped into three principal types: (1) producers' local markets, (2) central markets, and (3) spinners' markets.

In general, the producers' local markets provide facilities for the sale of cotton by growers and for assembling and handling it before its shipment to central markets, concentration points or spinners' markets. These markets are distributed throughout the Cotton Belt at points convenient to growers. Buyers of various types are found there.

The central markets provide facilities for concentrating, classing, storing, financing and merchandising through time of large quantities of cotton, as well as facilities for expediting spot and hedge transactions of cotton merchants. These markets are situated at points strategically located with respect to producing areas and mill centers in this country and abroad. The personnel of the central markets consists of cotton merchants, cotton factors or commission firms, exporters, brokers and in some cases mill brokers or mill buyers.

The so-called spinners' markets are located in mill centers. They function primarily in supplying mills with cotton at the time, in the quantities and of the qualities desired. The personnel consists principally of mill buyers, mill brokers and cotton merchants.

Frequently there are intermediate types between producers' local markets and central markets. They combine the functions performed in producers' local markets and some of those that characterize central markets. Similarly, some spinners' markets function as producers' markets and as central markets.

As this study is concerned primarily with the functioning of producers' local markets, the other stages in the marketing process will be dealt with only in so far as they affect the initial stage.

MARKETING PRACTICES OF GROWERS

Time and Place of Selling

At present the marketing of cotton by growers is, to a considerable extent, closely associated with ginning. A substantial part of the crop is placed in marketing channels at the gin where it has been prepared for market.

Although with good highways and the increasing use of motor transportation by farmers there is a tendency to haul cotton greater distances for ginning, the area served by individual ginning plants usually is somewhat limited. For the season 1935-36 about 72 percent of cotton was ginned within 5 miles of the farm where grown (table 4). More than 95 percent was grown within a radius of 10 miles of the plants where it was ginned. In some instances, however, cotton was trucked as far as 50 miles to gins. In Florida, about half the cotton was transported more than 10 miles for ginning (table 45, page 65). Within the last few years, some ginners have been sending out trucks to haul the cotton from the farms. This practice increases the size of the area served by individual ginning plants. The net ultimate effect is likely to be a decrease in the number and an increase in the size and efficiency of ginning plants.

Table 4. - Proportions of seed cotton hauled specified distances to gins, season 1935-36

Distance from farm to gin	Percent of United States crop
	Percent
Under 1 mile	15
1 to 2 miles	15
2 to 3 miles	16
3 to 4 miles	15
4 to 5 miles	11
5 to 6 miles	8
6 to 7 miles	7
7 to 8 miles	4
8 to 9 miles	3
9 to 10 miles	2
10 to 11 miles	1
11 to 15 miles	2
16 to 20 miles	1
21 to 25 miles	1/
26 to 30 miles	1/
31 to 40 miles	1/
41 to 50 miles	1/
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

For the season 1935-36, almost 60 percent of the sales by growers were made at gins or at street markets, primarily at gins (table 5). Most of the remainder was sold at warehouses or local cotton yards but some was sold at farms and some over factors' tables.

Table 5. - Proportions of cotton sold by growers at specified places, season 1935-36

Time and place of sale	Percent of United States crop
	Percent
At gin or street market:	
In seed 1/	3
In bales:	
Immediately after ginning	39
Later	17
At local cotton yard or warehouse	37
At farm	1
From factors' tables	3
Total	100

1/ Other than crop remnants.
Estimates based on a survey in selected markets.

Although some cotton, other than crop remnants, was sold in the seed in most of the States, less than 3 percent of the United States total was sold in this way. Larger proportions of the crop were sold in the seed in Oklahoma, Tennessee, and Virginia than in other States (table 46, page 66).

Almost 40 percent of the crop was sold immediately upon being ginned. More than 80 percent in Florida, Louisiana, Missouri, North Carolina, and South Carolina was sold in this way. Only a small proportion of the cotton was sold immediately upon ginning in Arizona, California, Mississippi, and New Mexico. In Mississippi almost one-fourth of the cotton was sold by growers over factors' tables.

Practices of individual growers with respect to the time of selling their cotton differ widely but most of the crop usually is sold during the ginning season (table 6). For the season 1935-36 larger proportions of the crop remained unsold at the end of the ginning season in Georgia and North Carolina than in other cotton-producing States (table 47). For the Cotton Belt as a whole, 96 percent of the crop had been sold by the end of the ginning season. In the irrigated region, some cotton is sold forward by growers and

the price is fixed long before the cotton is ginned. This practice has developed in connection with the system of production financing practiced in that region. 4/

Table 6. - Seasonal distribution of ginnings and marketing of cotton by growers, season 1935-36

Month	Cumulative proportions for United States crop	
	Ginnings 1/	Marketings 2/
	Percent	Percent
1935		
August 3/	10.9	4.5
September	40.6	23.0
October	74.3	53.2
November	89.8	75.4
December	97.2	85.9
1936		
January	99.4	90.5
February	99.8	92.7
March	99.9	94.7
April	100.0	96.2
May	-	97.6
June	-	98.7
July	-	100.0

1/ Based on reports of the Bureau of the Census supplemented by a survey in selected markets.
2/ U. S. Department of Agriculture, Bureau of Agricultural Economics, estimated monthly cotton marketings by farmers in percentage of year's sales, 1924-1936. January, 1938, p. 1. (Multigraphed report.)
3/ Includes all cotton ginned and all cotton marketed from the 1935 crop prior to September 1. Presumably marketings refer to delivery of cotton to buyers and does not include sales made by growers for forward delivery.

The necessity of meeting immediate obligations chiefly determines the time of selling by growers. More than half the cotton growers assign this as the prime factor (tables 7 and 48). About one-third of the growers can sell when they consider prices most favorable. Some follow a fixed custom of selling when their cotton is ginned regardless of their need for money or of the price situation. They prefer to avoid loss in the weight of the cotton and to avoid incurring storage, insurance and other carrying charges.

4/ Wright, J. W., and Kennedy, J. R., Cotton Marketing in the Irrigated Southwest. U. S. Dept. of Agr., Bureau of Agricultural Economics, 1938. (Mimeographed.)

Table 7. - Factors determining time of selling cotton by growers and relative importance of each, season 1935-36

Factors determining time of selling	Percent of United States growers
	Percent
To meet immediate obligations	57
Price considered most favorable	35
To avoid loss in weight	1/
Custom to sell immediately	7
To avoid storage, insurance, and other charges	1
Convenience	1/
No storage facilities	1/
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Types of Agencies Through Which Growers Sell

Several types of marketing agencies buy cotton from producers. The most important, from the standpoint of the proportion of total purchases from growers, are independent local buyers, ginner-buyers, representatives of central-market cotton merchants and cooperative marketing associations (table 8). Minor types, from the standpoint of the Cotton Belt as a whole, are supply merchants, factors or commission men, mill buyers, and cotton finance companies. Cotton factors or commission men, of course, function in the capacity of agent rather than principal in the transactions that place growers' cotton in marketing channels.

Local buyers who operate independently and who do not engage in other activities related to cotton are important in the purchasing of cotton from growers. Approximately one-half of the total crop in Arkansas, Georgia, Louisiana, and South Carolina was marketed by growers through this type of agency. Although independent local buyers handled a smaller proportion of the cotton in the other States, approximately one-third of the entire crop of 1935-36 was marketed by growers through these buyers.

Buying of cotton by ginners or by firms who operate gins has apparently increased materially during recent years. Ginners buy primarily to attract volume for their gins. The major part of the crop in Arizona, California, Florida, Missouri, Oklahoma, and

Tennessee is sold by growers to ginners or to firms operating gins (table 49). A substantial part of the crop in all the other cotton-producing States except Mississippi is sold to ginners. In Mississippi only a negligible part of the crop enters marketing channels in this way.

Table 8. - Proportions of cotton sold by growers through specified types of marketing agencies, season 1935-36

Type of marketing agencies through which cotton was sold by growers	Percent of United States crop
	Percent
Independent local buyers	34
Ginner-buyers	29
Representatives of cotton merchants	11
Cooperatives 1/	11
Supply merchants	6
Factors	6
Mill buyers	2
Cotton finance companies	1
Total	100

1/ Does not include cotton acquired by cooperatives from first-buyers.
Estimates based on a survey in selected markets.

The practice of buying cotton on average quality (point or hog-round buying) has been attributed primarily to ginner-buyers. Most ginner-buyers believe that they could not vary prices according to quality without losing the ginning business of those patrons who have cotton of inferior quality.

The proportion of cotton marketed by growers through cooperative marketing associations varies materially for the different States. Larger proportions are sold through cooperatives in New Mexico, Mississippi, California, and Louisiana than in the other States.

Selling by growers through factors, or commission men, is limited to relatively few States but it is an important method in Mississippi. It is followed to some extent in Arkansas, Georgia, and Texas, usually by growers who operate on a relatively large scale.

Mills buy some cotton direct from growers in Alabama, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. Approximately 10 percent of the total production in North Carolina, South Carolina, and Georgia, is sold direct to mills by growers. But only about 2 percent of the total United States crop of 1935-36 was sold by growers direct to cotton manufacturers.

Supply merchants are first-buyers of cotton in several of the States but they handle only a minor part of the crop in each instance. A larger part is marketed in this way in Alabama, North Carolina, and South Carolina than in other States.

Cotton finance companies, an integrated type of organization peculiar to the southwestern irrigated region, 5/ are the first-buyers of most of the cotton, the production of which they finance. These companies usually operate gins through which the cotton is bought but those not operating gins were the first-buyers of 17, 12, and 9 percent, respectively, of the cotton produced in New Mexico, Arizona, and California, during the season 1935-36.

For the most part, growers are so situated as to permit them to choose between buyers when they sell their cotton. The most important reason assigned for their choice of buyer was the price offered (tables 9 and 50). Frequently, however, growers sell through the same buyer year after year so long as they think they are receiving fair treatment. That the grower is indebted to a buyer is often the reason for selling to him. This appears to be particularly true in the irrigated region. About 5 percent of the growers reported that only one marketing outlet was available to them.

About half the growers interview only a single buyer before they sell (tables 10 and 51). About one-fourth interview two buyers. The remaining one-fourth of the growers usually interview three or more buyers.

Size of Lots Sold

The size of lots in which growers sell their cotton varies considerably. For the season 1935-36 about 18 percent of the crop was sold by growers in single-bale lots (table 11). Approximately one-half was sold in lots of less than 10 bales. About 15 percent was sold in lots of 50 bales or more. Only about 6 percent was sold by growers in lots of 100 bales or more. Single-bale sales accounted

5/ Cotton finance companies usually are integrated concerns engaged in financing the production of cotton, and in ginning, crushing cottonseed, and merchandising of lint. In some instances, the functions are limited to the financing of cotton production and the merchandising of cotton lint.

Table 9. - Reasons assigned by cotton growers for choice of buyer and relative importance of each, season 1935-36

Reason for choice of buyer	Percent of United States growers
	Percent
Highest bidder or considered to have best price	55
No other buyer available	5
Confidence in buyer	5
Custom	9
Satisfied with first offer	2
Same prices from all buyers	5
Guaranteed highest price	1/
Friendship	1
Indebted to buyer	4
Business connections with buyer	1
Convenience	3
Related to buyer	1/
Purchased on basis of quality	1/
Most liberal weights	1/
Delivered to Resettlement Administration for sale in pooled lots	1/
Ginner pays more for cotton ginned at own plant	1/
Ginner buys only cotton ginned at own plant	4
Agreement by buyer to pay premium on cotton produced under cotton improvement program	1/
Buyer selected by landlord	1/
Prefer selling cooperatively	2
Prefer to sell direct to mill	1/
Sell to landlord	1/
No special reason	4
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 10. - Proportions of cotton sold by growers after interviewing specified numbers of buyers, season 1935-36

Number of buyers interviewed before selling cotton	Percent of United States crop
	Percent
1 buyer	49
2 buyers	23
3 buyers	18
4 buyers	8
5 buyers	2
6 or more buyers	1/
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

for a larger proportion of the cotton in Florida, Missouri, Oklahoma, and Tennessee than in the other producing States (table 52). Apparently this is attributable to the fact that most of the cotton was sold to ginners in those States. The cotton usually was sold in the seed or immediately upon ginning. Single-bale sales were relatively few in Arizona, California, Mississippi, and New Mexico.

Knowledge of Market Conditions and of Quality of Product

Equality in bargaining position as between growers and first buyers of cotton presupposes a reasonably adequate knowledge of market conditions and of the quality of the product. Obviously the varied conditions under which cotton is produced and marketed makes for substantial differences in the position of individual growers in this respect.

During the marketing season 1935-36 approximately 35 percent of the cotton producers in the United States did not have access to information regarding cotton prices when they sold their crop (table 12). This varied materially as between different sections of the Cotton Belt (table 53). The range was from about 8 percent in South Carolina and Virginia to more than 80 percent in Missouri. About 12 percent of the producers in the United States had access to futures prices only. Spot quotations for Middling 7/8-inch cotton in the central markets was the only price information available to approximately 16 percent of the producers. About 18 percent had available both futures quotations and central market spot quotations

for Middling 7/8-inch cotton, while 1 percent had futures price quotations as well as quotations for premiums and discounts for the various qualities of cotton. Less than 18 percent had available complete current market information consisting of current spot prices including differentials for various grades and staples.

Table 11. - Proportions of cotton sold by growers in lots of specified sizes, season 1935-36

Number of bales in lot	Percent of United States crop
	Percent
1 bale	18
2 bales	8
3 bales	6
4 bales	4
5 bales	4
6 bales	3
7 bales	2
8 bales	2
9 bales	2
10 bales	7
11 bales	1
12 bales	2
13 bales	1
14 bales	1
15 bales	2
16 to 20 bales	6
21 to 25 bales	5
26 to 30 bales	3
31 to 35 bales	1
36 to 40 bales	2
41 to 45 bales	1
46 to 50 bales	5
51 to 60 bales	1
61 to 70 bales	1
71 to 80 bales	1
81 to 90 bales	1
91 to 100 bales	4
101 to 200 bales	3
201 to 300 bales	2
301 to 400 bales	1/
401 bales and over	1
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 12. - Types of market information available to cotton growers and proportion of growers having access to each type, season 1935-36

Type of market information available to growers	Percent of United States growers
	Percent
Futures prices, only	12
Spot prices for Middling 7/8 inch, only	16
Futures prices and spot prices for Middling 7/8 inch	18
Futures prices and premiums and discounts for grades and staples	1
Spot prices for Middling 7/8 inch and premiums and discounts for grades and staples	2
Futures prices, spot prices for Middling 7/8 inch and premiums and discounts for grades and staples	15
No market information except price offer	36
Total	100

Estimates based on a survey in selected markets.

In addition to the 36 percent reporting no market information whatever, about 11 percent reported that the only information available to them was that obtained verbally from buyers and neighbors (tables 13 and 54). Thus almost one-half of the cotton growers in the United States appear to be without information from impartial sources regarding market prices when they sell.

Proficiency in differentiating between the qualities of cotton from the standpoint of spinning utility requires considerable experience and special skill of a rather high order. Apparently about 5 percent of the producers in the United States consider themselves competent to grade and staple cotton (table 14). The proportion claiming to be able to class cotton varies as between States from none in Florida and Virginia to about 7 percent in South Carolina, Texas, and California. It is not known to what extent those reporting ability to class could actually differentiate the qualities and spinning value accurately enough for bargaining purposes.

As relatively few producers are able to differentiate between various qualities of cotton, any information of the quality of their own product must usually be obtained from others. Apparently about 60 percent of the growers in the United States disposed of their crop

during the 1935-36 season without knowing anything definitely concerning its quality (table 15). Only about 36 percent reported they had complete information regarding both the grade and staple at time of selling. The proportion reporting that they had complete information was greatest in New Mexico (71 percent) and lowest in Florida (none).

Table 13. - Extent to which specified sources of market information were available to cotton growers, season 1935-36

Source of market information	Percent of United States growers
	Percent
Daily paper:	
Only source	26
In combination with other sources	21
Total	47
Radio:	
Only source	2
In combination with other sources	17
Total	19
At gin bulletin board:	
Only source	3
In combination with other sources	6
Total	9
Local exchange:	
Only source	1/
In combination with other sources	2
Total	2
Cooperative association basis sheets:	
Only source	1/
In combination with other sources	1
Total	1
Telegraphic reports:	
Only source	1/
In combination with other sources	2
Total	2
Verbal information only	11
No information except price offer	36

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 14. - Proportions of cotton growers able to class cotton, by States, season 1935-36

State	Percent of growers able to class cotton
	Percent
Alabama	4
Arizona	2
Arkansas	3
California	7
Florida	-
Georgia	2
Louisiana	5
Mississippi	4
Missouri	3
New Mexico	6
North Carolina	2
Oklahoma	4
South Carolina	7
Tennessee	2
Texas	7
Virginia	-
United States	5

Estimates based on a survey in selected markets.

The sources of the growers' information is especially significant. Of the approximately 40 percent who reported some knowledge of the quality of their cotton at time of sale, most were dependent for this information upon the buyers to whom they sold (tables 16 and 55). Less than 10 percent had information from impartial sources including factors, warehousemen, government licensed classers employed by the Federal Government. Only a few depended for a knowledge of the quality upon their own ability to class cotton.

These data indicate rather conclusively that, for the most part, the bargaining position of cotton growers is not particularly strong. The fact that a substantial proportion of the cotton is sold to buyers to whom the growers are indebted at the time of sale tends to accentuate the inequality in bargaining power as between growers and first-buyers (table 17).

Table 15. - Extent to which growers knew grade and staple of cotton sold: Percentage distribution, by States, season 1935-36

State	Growers knowing both grade and staple	Growers knowing grade only	Growers knowing staple only	Growers not knowing either grade or staple	Total
	Percent	Percent	Percent	Percent	Percent
Alabama	31	9	1/	60	100
Arizona	29	13	-	58	100
Arkansas	20	-	-	80	100
California	26	-	-	74	100
Florida	-	-	-	100	100
Georgia	30	6	3	61	100
Louisiana	53	1/	1/	47	100
Mississippi	47	-	1/	53	100
Missouri	10	-	-	90	100
New Mexico	71	-	-	29	100
North Carolina	22	1	4	73	100
Oklahoma	32	-	-	68	100
South Carolina	24	1/	1/	76	100
Tennessee	14	-	-	86	100
Texas	48	4	-	48	100
Virginia	8	-	-	92	100
United States	36	3	1	60	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 16. - Sources from which growers obtained information relative to quality of cotton sold, and relative importance of each source, season 1935-36

Source of information relative to quality of cotton sold	Percent of United States crop
	Percent
Buyers' class 1/	29
U. S. Department of Agriculture class 2/	3
Licensed classers' class	3
Warehousemen's class	2
Growers' own class	2
Factors' class	1
Ginners' class	3/
Growers not knowing quality of cotton sold	60
Total	100

1/ Includes cooperatives' class.
2/ Primarily classification for grade and staple statistics.
3/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 17. - Proportions of cotton sold to buyers to whom growers were indebted, by States, season 1935-36

State	Cotton sold to buyers to whom growers were indebted
	Percent
Alabama	17
Arizona	35
Arkansas	7
California	46
Florida	-
Georgia	4
Louisiana	8
Mississippi	24
Missouri	-
New Mexico	25
North Carolina	17
Oklahoma	1/
South Carolina	14
Tennessee	-
Texas	6
Virginia	9
United States	11

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Methods of Handling Cotton Pending Sale

Approximately one-half of the cotton not sold and delivered to buyers immediately upon ginning is stored in public warehouses, pending sale (table 18). About 10 percent is hauled back to the farm and almost 40 percent is stored on gin yards or on public cotton yards. The proportions stored by growers in public warehouses varies materially in the different States. Public warehouse facilities are used by growers for most of the cotton not sold immediately upon ginning in Alabama, Arkansas, Georgia, and Mississippi (table 56). Such facilities are used to a limited extent only in Arizona, California, Florida, Missouri, New Mexico, North Carolina, Tennessee, and Virginia, most of the cotton being left on gin yards, pending sale.

A minor part of the growers who did not sell immediately upon ginning carried insurance on their cotton (table 19). In some States, particularly Arizona, California, and New Mexico, insurance coverage is provided by the ginning companies for cotton stored on gin yards and is included in the yardage fee charged the grower.

Table 18. - Facilities used by growers for storage of cotton not sold immediately after ginning and proportionate use of each type, season 1935-36

Type of storage	Percent for United States
	Percent
Farm	10
Gin yard	35
Public cotton yard	4
Public warehouse or compress	51
Railroad platform	1/
Mill warehouse	1/
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 19. - Extent to which growers carried insurance on cotton not sold immediately after ginning, by States, season 1935-36

State	Growers carried insurance on cotton
	Percent
Alabama	46
Arizona	94
Arkansas	25
California	96
Florida	17
Georgia	53
Louisiana	22
Mississippi	28
Missouri	3
New Mexico	87
North Carolina	9
Oklahoma	5
South Carolina	16
Tennessee	1
Texas	20
Virginia	8
United States	28

Estimates based on a survey in selected markets.

Weighing and Delivering

The weight upon which buyers settle with growers when buying their cotton is important from the standpoint of both parties. For the season 1935-36 about one-third of the sales by growers were based on gin weights (table 20). Often there is little or no supervision of this weighing. Somewhat more than one-half of the cotton was sold on the weights of bonded compress or warehouse companies, or on the weights of public weighers. Presumably such weights are impartial and are subject to public supervision. Smaller proportions of the crop were sold on the weights of compress and warehouse companies that were not bonded, and on buyer's reweights. During that season all growers' sales were based on gin weights in Arizona, California, and Missouri (table 57). Most of the sales were based on gin weights in Florida, Louisiana, New Mexico, Oklahoma, and Tennessee. In Alabama, Georgia, and Mississippi, the major part of the cotton was sold on compress or warehouse weights. A substantial part of the sales by producers in North Carolina, South Carolina, Texas, and Arkansas were based on public weigher's weights.

Table 20. - Proportions of cotton sold by growers on specified types of weights, season 1935-36

Weight on which cotton was sold by growers	Percent of United States crop
	Percent
Gin weight	33
Compress or warehouse bonded	47
Compress or warehouse not bonded	7
Public weigher	11
Buyer's weight	2
Total	100

Estimates based on a survey in selected markets.

The place of sale by growers and the place of delivery to buyers frequently, but not always, coincide. For the Cotton Belt as a whole, almost one-half of the cotton was delivered to buyers at warehouses or compresses (table 21). About one-third was turned over to buyers at gin yards. About 10 percent was hauled to railroad platforms. Buyers took delivery of the remainder at cotton yards, farms, street markets, and mills.

Table 21. - Places of delivery of cotton to first-buyers and relative importance of each, season 1935-36

Place of delivery of cotton by growers	Percent of United States crop
	Percent
Gin yard	32
Farm	1
Cotton yard	8
Warehouse or compress	48
Street market	1
Railroad platform	9
Mill	1
Total	100

Estimates based on a survey in selected markets.

In Arizona, California, Florida, Missouri, Oklahoma, Tennessee, and Virginia, most of the cotton was delivered to buyers at gins (table 58). In most of the other States the largest proportion of the cotton was delivered to buyers at warehouses or compresses.

About 50 percent of the cotton was transported distances ranging from 1 to 10 miles in making sale and delivery to buyers (table 22). About 10 percent was transported more than 10 miles in making sale and delivery. A small part of the cotton was hauled more than 50 miles by growers in making delivery. Larger proportions were transported long distances by growers in Arkansas and Mississippi than in the other States (table 59).

Relationship of Marketing Practices of Growers to Present Problems

Certain items in the foregoing brief descriptive analysis of marketing practices have particular significance from the standpoint of the present problem of improving the conditions under which cotton is sold by growers. It is apparent that for a large proportion of cotton growers, a delay in the sale of their cotton in order to permit of securing information that would strengthen their bargaining position or to enable them to find more advantageous market outlets, would be somewhat less convenient than the present system. In most instances any change from existing selling practices would involve either the growers' assumption of additional risks or incurring of additional expense in the handling and marketing of the cotton. For some growers any change in outlets would necessitate a readjustment in arrangements for production financing.

Table 22. - Proportions of cotton transported specified distances by growers in making delivery to buyers, season 1935-36

Distance transported	Percent of United States crop
	Percent
No transportation required	40
Less than 1 mile	26
1 mile to 5 miles	11
6 miles to 10 miles	12
11 miles to 15 miles	4
16 miles to 25 miles	3
26 miles to 50 miles	2
51 miles to 100 miles	2
Total	100

Estimates based on a survey in selected markets.

MARKETING PROCEDURES OF FIRST-BUYERS

Determination of Quality

The practices of first-buyers vary widely from the standpoint of attention paid to differences in quality of individual lots bought from growers. According to statements of representatives of various types of buyers operating in producers' local markets, less than 7 percent of the purchases from growers during the season 1935-36 were made without an examination of the cotton by the buyer and without any distinction whatever being made for differences in quality of individual bales (table 23). For a similar proportion, the only distinction made for differences in quality was based on variety planted or other factors and not on a classification of individual bales. Less than 8 percent was bought from growers on the basis of an impartial classification by classers licensed under the provisions of the U. S. Cotton Standards Act or the U. S. Warehouse Act. About 8 percent was classed by buyers for grade only and the remainder was reported to have been purchased on buyers' own class for both grade and staple.

Table 23. - Extent to which cotton was purchased from growers on the basis of quality of individual bales, season 1935-36

Item	Percent of United States crop
	Percent
Distinction made for differences in quality based on individual bale classifications:	
Purchased on buyers' own class:	
For grade and staple	72
For grade only	8
Purchased on classification of Grade and Staple Statistics Committee	1
Purchased on classification of Federal licensed classer:	
Licensed under U. S. Cotton Standards Act.	2
Licensed under U. S. Warehouse Act	5
Distinctions made for differences in quality based on methods other than individual bale classification 1/	6
No classification or distinction made for differences in quality:	
Round lot 2/ purchases:	
From individual growers	5
From pooled lots	3/
Individual bale purchases	1
Total	100

1/ Variety planted, growth conditions, etc.
2/ Two or more bales of different qualities purchased at the same price per pound.
3/ Less than 0.5 percent.

(See also table 60.)

Estimates based on a survey of selected markets.

There is a basis for skepticism relative to the significance of the proportion (72 percent) reported as having been bought by first-buyers on their own classification. Evidently the cotton was classed in a somewhat perfunctory manner and usually solely to avoid acquiring cotton below certain minimum qualities. Approximately two-thirds of the first-buyers neither own nor have access to copies of the official cotton standards (table 24). Accurate classing of cotton in accordance with the official standards, involves frequent reference to the grade standards boxes and to the staple types. In producers' local markets, very little classing is done against private types of cotton millsor cotton merchants.

Table 24. - Proportions of cotton purchased by buyers owning or having access to the official cotton standards and by buyers not having access to the official standards, season 1935-36

Item	Percent of United States crop
	Percent
Official standards for grade:	
Buyers owning copies	12
Buyers having access to copies	23
Buyers neither owning nor having access to copies	65
Total	100
Official standards for staple:	
Buyers owning copies	13
Buyers having access to copies	20
Buyers neither owning nor having access to copies	67
Total	100

(See also table 61.)

Estimates based on a survey in selected markets.

The fact that cotton growers sell within a comparatively short season means that buying in producers' local markets is a highly seasonal business. It is primarily for this reason that, as a general rule, cotton merchants do not find it feasible to buy direct from growers through salaried buyers who are competent to class the cotton accurately in the first instance. Most of the cotton is bought from growers by local buyers who also have other activities to provide full-time employment. Usually such buyers are not skilled in the classification of cotton.

Integration of Cotton Buying with Other Activities

The buying of cotton from producers is integrated with related cotton and other activities to a considerable extent. Only about 31 percent of the crop of 1935-36 was bought from growers by buyers who were not engaged in other activities (tables 25, 62 and 63). The remainder was bought by individuals or firms engaged in such related activities as ginning, production financing, warehousing, cottonseed crushing and the manufacture of cotton goods.

Table 25. - Proportions of cotton purchased from growers by buyers engaged in specified related or other activities, season 1935-36

Activities engaged in by first-buyers of cotton	Percent of United States crop
	Percent
Buying only	31
Ginning	37
Production financing	28
Crushing cottonseed	6
Operating warehouse or compress	22
Cotton manufacturing	2
General merchandising	16

Estimates based on a survey in selected markets.

Approximately three-fourths of the 1935-36 crop was purchased from growers by buyers who were operating independently of other cotton firms (table 26). The other buyers in producers' local markets were representatives of various types of firms concerned with cotton marketing and related activities. Most of these were salaried buyers but some worked on a commission or on a joint account basis. A smaller proportion of the cotton in the irrigated region and in Louisiana, Oklahoma, and Virginia is bought by local independent firms than in the remainder of the Cotton Belt (table 64).

Table 26. - Proportions of cotton purchased by first-buyers operating under specified conditions, season 1935-36

Basis on which buyers operate	Percent of United States crop
	Percent
Independently	74
Representatives of other firms:	
On salary	15
On commission	7
On joint account	4
Total	100

Estimates based on a survey in selected markets.

Purchases of cotton by first-buyers during the season 1935-36 were chiefly financed by bank funds in which case the cotton was pledged as collateral (table 27). In other cases, first-buyers bought cotton from growers with funds supplied by their firms, such as central-market cotton merchants, cotton mills, cottonseed oil mills, and cooperative associations. Only about 7 percent of the first-buyers operated entirely on their own funds.

Table 27. - Relative importance of specified sources of finance for first-buyers of cotton, season 1935-36

Source of funds for purchase of cotton	Percent of United States crop purchased
	Percent
Local bank	64
Out of town bank	10
Central-market cotton merchant	8
Cooperative Association	8
Own funds	7
Cottonseed oil mill	2
Cotton mill	1
Total	100

(See also table 65.)
Estimates based on a survey in selected markets.

Pricing and Hedging

More than 90 percent of the 1935-36 crop was bought from growers by buyers who based their purchase prices on New York futures (table 28). A few of the buyers in each instance based their buying prices on the prices prevailing in the nearest central market and on those prevailing at nearby mill points.

Risks incident to price fluctuation were usually transferred to others by first-buyers. Various devices were used. Hedging by the sale of futures was used by first-buyers themselves for only about 13 percent of the cotton (table 29). Approximately 40 percent was resold the same day as bought to avoid risk of price changes. Similarly a substantial part, particularly that purchased by representatives of cotton merchants and by local representatives of cooperatives, was reported daily to the firm or to the central office of the association respectively. No doubt this cotton was hedged by the sale of futures. For approximately one-fourth of the cotton, the risk of price fluctuation was carried by the first-buyers.

Table 28. - Extent to which prices paid by first-buyers of cotton were based on specified market quotations, season 1935-36

Market on which prices are based	Percent of United States crop
	Percent
New York Futures	92
Nearest central market	3
Alabama and Georgia mill prices	3
Carolina mill prices	1
No definite base	1
Ten designated spot markets	1/
Total	100

1/ Less than 0.5 percent.

(See also table 66.)
Estimates based on a survey in selected markets.

Table 29. - Extent to which first-buyers of cotton employed specified methods for transferring risk of price change, by States, season 1935-36

State	Risk transferred by: Sale of futures	Reported daily to firm	Daily sales of all cotton purchased	Carried open	Total
	Percent	Percent	Percent	Percent	Percent
Alabama	32	8	10	50	100
Arizona	21	46	32	1	100
Arkansas	2	25	47	26	100
California	32	65	2	1	100
Florida	-	-	-	100	100
Georgia	13	22	20	45	100
Louisiana	-	54	41	5	100
Mississippi	8	35	52	5	100
Missouri	-	-	100	-	100
New Mexico	64	17	18	1	100
North Carolina	6	12	-	82	100
Oklahoma	2	31	61	6	100
South Carolina	29	10	36	25	100
Tennessee	-	-	93	7	100
Texas	11	18	48	23	100
Virginia	5	56	-	39	100
United States	13	22	39	26	100

Estimates based on a field survey in selected markets.

As a general rule, the buyers do not hold the cotton they have bought from growers for a very long period. Usually they are assured of an outlet at a definite price basis before the cotton is bought. In such cases the cotton is delivered at frequent intervals to the second-buyer, usually a cotton merchant. Often a considerable quantity is sold forward by first-buyers before the ginning season begins. Subsequently purchases are made from growers to fill these commitments. For the Cotton Belt as a whole, sales by first-buyers exceeded purchases during the months of August, September, and October for the 1935-36 season (table 30). Although some cotton was held until the beginning of the next cotton season, less than 1 percent of total purchases were still in the hands of first-buyers at the end of April.

Table 30. - Seasonal distribution of purchases and sales of cotton by first-buyers, season 1935-36

Seasonal distribution	Purchases and sales			
	Noncumulative		Cumulative	
	Purchases 1/	Sales 2/	Purchases 1/	Sales 2/
	Percent	Percent	Percent	Percent
1935				
August 3/	4	8	4	8
September	19	22	23	30
October	30	31	53	61
November	22	18	75	79
December	11	10	86	89
1936				
January	5	5	91	94
February	2	3	93	97
March	2	2	95	99
April	2	1	97	100
May	1	4/	98	4/
June	1	4/	99	4/
July	1	4/	100	4/
Total	100	100	-	-

1/ U. S. Dept. of Agr., Bureau of Agricultural Economics, estimated monthly cotton marketings by farmers in percentage of year's sales, 1935-36. January 1938, p. 1. (Multigraphed.) Presumably marketings refer to delivery of cotton to buyers and do not include sales made by growers for forward delivery.
2/ Estimates based on a survey in selected markets.
3/ Includes all cotton purchased and sold from the 1935 crop prior to September 1.
4/ Less than 0.5 percent.

(See also table 67.)

Handling Pending Sale

Several types of facilities were used for storing the cotton held by first-buyers, pending sale. Public warehouses were used for storing considerably more than one-half the cotton (table 31). About 6 percent was stored in private warehouses. Approximately one-third was left on gin yards or on public cotton yards without protection from the weather. Some buyers held the cotton on railroad platforms. Warehouse facilities were used for the major part of the cotton in Alabama, Florida, Georgia, and Mississippi (table 68). In Arizona, Arkansas, Missouri, Oklahoma, Tennessee, and Virginia a large part of the cotton was left on gin yards or on public cotton yards.

Table 31. - Proportionate use by first-buyers of specified types of facilities for storage of cotton between time of purchase and time of re-sale, season 1935-36

Type of storage	Percent of United States crop
	Percent
Public warehouse or compress	57
Gin yard	25
Public cotton yard 1/	8
Private warehouse 2/	6
Railroad platform	4
Open lot at store	3/
Farm	3/
Not stored, sold immediately	3/
Total	100

1/ Includes cotton stored on public weigher's platforms.
2/ Includes cotton stored at mill warehouses.
3/ Less than 0.5 percent.
Estimates based on a field survey in selected markets.

In most instances first-buyers carry insurance on cotton subject to their risk (table 32). A smaller part was insured in Louisiana and North Carolina than in other States but 63 percent and 72 percent, respectively, of the cotton in those two States was covered by insurance while under the ownership of first-buyers.

Table 32. - Extent to which first-buyers insured cotton subject to their risk, by States, season 1935-36

State	Cotton insured
	Percent
Alabama	93
Arizona	100
Arkansas	80
California	100
Florida	100
Georgia	94
Louisiana	63
Mississippi	87
Missouri	100
New Mexico	100
North Carolina	72
Oklahoma	95
South Carolina	85
Tennessee	96
Texas	92
Virginia	94
United States	89

Estimates based on a survey in selected markets.

Market Outlets

Market outlets available to first-buyers are dependent, in the case of a given local market, on the location of that market with respect to central and spinners' markets and upon the type of first-buyers involved. About 60 percent of the cotton acquired by first-buyers went to central-market cotton merchants -- 55 percent by direct transaction and 5 percent through spot brokers (table 33). More than 20 percent was sold by first-buyers direct to cotton mills. Practically all such sales were made by buyers located in southeastern States who were so situated geographically as to be able to deal directly with mills (table 34). About 8 percent was resold to other local buyers. Most of the cotton involved in transactions of this type had been acquired in the first instance by ginner-buyers and supply merchants operating on a small scale, and was resold to other local firms.

Table 33. - Percentage distribution of sales of cotton by first-buyers, by type of buyer and by type of market outlet, season 1935-36

Type of first-buyer	Sold to: Other local buyers	Central-market cotton merchants, shippers and exporters: Direct	Central-market cotton merchants, shippers and exporters: Through broker	Cooperatives	Mills	Consigned to factors	Foreign cotton merchants	Total
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Independent local buyers	3	58	6	2	31	-	-	100
Ginner-buyers	12	61	5	3	19	1/	-	100
Mill buyers	-	4	-	-	96	-	-	100
Supply merchants	38	35	1	2	24	-	-	100
Finance companies	1	35	8	1/	10	-	46	100
Local cooperatives or representatives of Regional Associations	-	26	1	62	7	-	4	100
Representatives of cotton merchants	1	98	-	-	-	-	1	100
Factors	-	96	-	-	4	-	-	100
All buyers	8	55	5	8	22	1/	2	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 32. - Extent to which first-buyers insured cotton subject to their risk, by States, season 1935-36

State	Cotton insured
	Percent
Alabama	93
Arizona	100
Arkansas	80
California	100
Florida	100
Georgia	94
Louisiana	63
Mississippi	87
Missouri	100
New Mexico	100
North Carolina	72
Oklahoma	95
South Carolina	85
Tennessee	96
Texas	92
Virginia	94
United States	89

Estimates based on a survey in selected markets.

Market Outlets

Market outlets available to first-buyers are dependent, in the case of a given local market, on the location of that market with respect to central and spinners' markets and upon the type of first-buyers involved. About 60 percent of the cotton acquired by first-buyers went to central-market cotton merchants -- 55 percent by direct transaction and 5 percent through spot brokers (table 33). More than 20 percent was sold by first-buyers direct to cotton mills. Practically all such sales were made by buyers located in southeastern States who were so situated geographically as to be able to deal directly with mills (table 34). About 8 percent was resold to other local buyers. Most of the cotton involved in transactions of this type had been acquired in the first instance by ginner-buyers and supply merchants operating on a small scale, and was resold to other local firms.

Table 33. - Percentage distribution of sales of cotton by first-buyers, by type of buyer and by type of market outlet, season 1935-36

Type of first-buyer	Sold to										Total
	Other local buyers	Central-market cotton merchants, shippers and exporters: Direct	Central-market cotton merchants, shippers and exporters: Through broker	Cooperatives	Mills	Consigned to factors	Foreign cotton merchants				
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.				Pct.
Independent local buyers	3	58	6	2	31	1/	-				100
Ginner-buyers	12	61	5	3	19	1/	-				100
Mill buyers	-	4	-	-	96	-	-				100
Supply merchants	38	35	1	2	24	-	-				100
Finance companies	1	35	8	1/	10	-	46				100
Local cooperatives or representatives of Regional Associations	-	26	1	62	7	-	4				100
Representatives of cotton merchants	1	98	-	-	-		1				100
Factors	-	96	-	-	4	-	-				100
All buyers	8	55	5	8	22	1/	2				100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 34. - Proportions of 1935-36 cotton crop purchased by domestic cotton manufacturers direct from growers and from first-buyers, by States

State	Purchased by cotton manufacturers from:	
	Growers	First-buyers
	Percent	Percent
Alabama	1	47
Arizona, California, and New Mexico	-	8
Arkansas	-	6
Florida	-	-
Georgia	9	69
Louisiana	-	-
Mississippi	1/	22
Missouri	-	-
North Carolina	11	49
Oklahoma	1	3
South Carolina	12	51
Tennessee	6	10
Texas	-	1
Virginia	6	5
United States	2	22

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Most of the cotton acquired from growers by local cooperatives and by representatives of regional cooperative associations, was transferred to centralized organizations for concentration and merchandising when it left producers' local markets. Some was sold to central-market merchants or direct to mills and to foreign cotton merchants. The cooperative associations acquired some from other types of first-buyers. Some ginner-buyers, supply merchants, and independent local buyers used the cooperatives as their market outlet for the cotton they had bought from growers in the first instance.

A small part of the cotton handled by ginner-buyers and independent local buyers was consigned to factors located in central markets. About 96 percent of that consigned to factors by growers was sold to central-market merchants and 4 percent was sold direct to mills. Only a small quantity was sold direct by first-buyers to foreign cotton merchants. The first-buyers concerned in this case were cotton finance companies and local cooperatives. Except in the Southwest, the principal market outlet for first-buyers was to central-market cotton merchants.

Apparently only a minor part of the cotton (about 6 percent) leaves producers' local markets for the next step in the marketing process without any examination by the second-buyers or their representatives (table 35). More than one-half was sold on actual sample, about 6 percent was sold against private types, and the remainder on standard description. Most of that sold by first-buyers on standard description was classed by the second-buyer. About equal quantities were classed by take-up men sent to the local market and by the second-buyer after the cotton was received by him. Only a negligible quantity was classed by agencies not directly interested in the transactions.

Table 35. - Proportions of cotton resold by first-buyers under specified conditions with respect to the determination of quality, season 1935-36

Means employed for determination of quality	Percent of United States crop
	Percent
Sold on sample	55
Sold against type	6
Sold on standard description with classification by:	
Buyers' take-up man	14
After cotton was shipped in	13
Seller	2
Federal licensed classer	4
Grade and Staple Statistics Committee	1/
Board of Cotton Examiners	1/
Sold without examination of cotton by second-buyer	6
Total	100

1/ Less than 0.5 percent.
(See also table 69.)
Estimates based on a survey of selected markets.

Price Bases of Sales

Most first-buyers (85 percent) resell at prices definitely fixed at the time the sales transactions are consummated (table 36). For the season 1935-36, about 8 percent was sold at a definite premium or discount with respect to the price for designated futures contracts, the seller having the option of designating the time the

base price was to be fixed (seller's call). An approximately equal proportion was sold subject to the buyer's call. A smaller part was sold at fixed prices in the western States than in other States.

Table 36. - Proportions of cotton resold by first-buyers under specified conditions with respect to price basis of sale, by States, season 1935-36

State	Price basis of sale			
	Sold at fixed price	Sold on seller's call	Sold on buyer's call	Total
	Percent	Percent	Percent	Percent
Alabama	74	1	25	100
Arizona	37	23	40	100
Arkansas	79	21	-	100
California	31	25	44	100
Florida	100	-	-	100
Georgia	98	2	-	100
Louisiana	100	-	-	100
Mississippi	92	1	7	100
Missouri	50	50	-	100
New Mexico	34	30	36	100
North Carolina	95	1	4	100
Oklahoma	97	3	-	100
South Carolina	85	7	8	100
Tennessee	84	16	-	100
Texas	89	9	2	100
Virginia	100	-	-	100
United States	85	8	7	100

Estimates based on a survey in selected markets.

Buying and selling "on call" has been developed to meet definite merchandising problems. The call option (that is, the privilege of designating the time the price is to be fixed) may be retained by either the buyer or the seller. Usually the option to call by one or the other of the parties to a transaction in raw cotton is desired for convenience in the normal course of business or to effect economies in hedging transactions. If, for example, a cotton merchant makes commitments for the forward delivery of cotton that he has not yet acquired, he can, by retaining the call option, avoid the necessity and expense of making an off-setting purchase of futures that otherwise would be required as a hedge against price changes. In this case the cotton merchant would "call" the price simultaneously with his purchase of the spot cotton.

On the other hand a cotton-goods manufacturer in buying his raw material may use the "buyers' call" option to relieve himself of the necessity of executing futures contracts to provide a hedge when manufacturing goods for stock. In this case he would "call" the price simultaneously with a sale of goods. There are many special uses of the call option in connection with transactions in raw cotton, most of which are designed to meet legitimate merchandising situations, but the device may be used also to facilitate speculation.

Weighing and Delivering

Cotton is sold by first-buyers under a variety of terms with respect to delivery. During the season 1935-36 more than 60 percent was sold f.o.b. local shipping point or a designated compress point (table 37). About 24 percent was sold "landed designated mills" and about 9 percent was sold to arrive at designated central markets or ports. Only small quantities were sold exwarehouse or cotton yard and "shipside high density." In the latter case the seller is required to deliver the cotton at shipside in high-density bales. Usually only the larger firms sell in this way. However, more than one-half the cotton was sold by first-buyers in the irrigated region under "shipside high density" terms. In the Southeast, first-buyers sold the greater part of the cotton acquired by them under terms requiring delivery at mills.

The weights upon which transactions between first-buyers and second-buyers are based are generally determined by disinterested weighers. About 65 percent of such transactions are based on warehouse or compress weights and about 8 percent on the weights of public weighers (table 38). Approximately 18 percent of the cotton is sold subject to the second-buyer's reweight. Gin weights were made the basis of settlement for only about 9 percent of the cotton. Settlements are based on public weigher's weights to a greater extent in North Carolina and in South Carolina than in other States.

Relationship of Marketing Procedures of First-Buyers to Present Problems

A characteristic weakness in the procedures of first-buyers, as disclosed by the foregoing analysis, is the lack of careful discrimination for quality of individual lots of cotton on the part of a substantial proportion of the buyers. Apparently this weakness is to some extent inherent in the business of buying cotton from growers as at present organized. The seasonal nature of the business and the characteristic small volume handled per buyer preclude the use, in most instances, of the services of expert classers in connection with grower-first-buyer transactions. But it is evident that many first-buyers either do not make any attempt to discriminate for differences in quality of individual lots or do not make use of the official cotton standards as an objective basing point for such individual bale classifications as they may make.

The extent to which it would be feasible to readjust buying and seller procedures under the existing organization of producers' local markets so as to improve the functioning of these markets merits careful consideration along with a consideration of alternative procedures for marketing by growers.

Table 37. - Proportions of cotton disposed of by first-buyers under specified terms of sale with respect to delivery, by States, season 1935-36

State	Terms of sale					Total
	Exware-house or cotton yard	F.O.B. cars or compress point	Landed port	Ship-side high density	Landed mills	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Alabama	2	35	16	-	47	100
Arizona, California, and New Mexico	3	37	1/	51	9	100
Arkansas	3	86	-	-	11	100
Florida	-	100	-	-	-	100
Georgia	1/	31	-	-	69	100
Louisiana	-	92	8	-	-	100
Mississippi	-	75	3	-	22	100
Missouri	-	100	-	-	-	100
North Carolina	4	47	-	-	49	100
Oklahoma	9	71	17	-	3	100
South Carolina	1	30	-	-	69	100
Tennessee	9	69	10	-	12	100
Texas	7	69	20	2	2	100
Virginia	-	95	-	-	5	100
United States	4	61	9	2	24	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 38. - Proportions of cotton resold by first-buyers on specified types of weights, by States, season 1935-36

State	Weight on which sold				Total
	Gin weight	Public weigher's weight	Compress or warehouse weight	Buyer's re-weight	
	Percent	Percent	Percent	Percent	Percent
Alabama	6	16	67	11	100
Arizona	32	-	30	38	100
Arkansas	50	8	42	-	100
California	11	-	39	50	100
Florida	-	-	100	-	100
Georgia	1	-	75	24	100
Louisiana	7	-	93	-	100
Mississippi	3	-	86	11	100
Missouri	-	-	100	-	100
New Mexico	19	-	39	42	100
North Carolina	8	39	7	46	100
Oklahoma	1/	-	87	13	100
South Carolina	5	36	2	57	100
Tennessee	26	-	50	24	100
Texas	2	1	84	13	100
Virginia	-	-	-	100	100
United States	9	8	65	18	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

AN APPRAISAL OF POSSIBILITIES FOR SOLVING PRESENT PROBLEMS BY ADJUSTMENTS IN MARKETING PROCEDURES

Perhaps an objective visualization of a theoretically ideal system of marketing should provide a starting point for considering the possibilities of adjustments in marketing procedures to improve the functioning of the cotton-marketing system. For present purposes the aspect of the process to be considered is the means for determining the quality of individual bales throughout the marketing channels.

If all the factors of cotton quality were standardized in such a way as to permit the complete description, in terms of the official standards, of the precise quality requirements of cotton manufacturers, an initial classification, based on adequate and properly authenticated samples from each bale could be made before the cotton starts through

marketing channels and could follow the bales through such channels. This would eliminate the necessity for the resampling and reclassification of bales at each change or prospective change in ownership, as is now customary. Significant savings would accrue from eliminating the necessity for repeating these services, marketing procedures would be simplified, risks from differences in classification would be removed, and the mutilation of bales by repeated sampling and the accompanying waste would be eliminated. The net result would be a reduction in the spread between the prices received by growers and prices paid by manufacturers.

The ultimate realization of a system of sampling and classification of the kind indicated will depend upon: (1) the development of a mechanical or other means for sampling the bales while they are being formed at gins, that will provide a cross-section of the cotton throughout the entire bale and that will eliminate the human equation in drawing and identifying samples; (2) the adoption of a standard system for the permanent identification of individual bales throughout marketing channels; 6/ (3) the standardization of all factors of quality that are of practical significance from the standpoint of spinning; 7/ and (4) provision for standardizing the conditions under which classification is performed and for so improving the technique of classing as to make for reasonably consistent results. Since not a single one of these items is now fully realized, an immediate adjustment to the ideal system is precluded.

It is not probable that under present circumstances a classification of cotton made at the initial stage in the marketing process would be generally acceptable nor could it readily be made to serve for the purposes of trade beyond that stage.

The problem, therefore, is to find a practical means for integrating cotton classification with the existing market mechanism or of devising alternative procedures in marketing that will permit cotton growers to sell their product on the basis of those qualities that are generally recognized as having significance from the standpoint of spinning value.

6/ Wright, J. W., and Gaus, G. E., The Permanent Identification of Cotton Bales. U. S. Dept. of Agr., Bureau of Agricultural Economics. 1937. pp. 1 - 28. (Mimeographed.)

7/ Wright, J. W., The Use of the Official Cotton Standards of the United States in Sales to Domestic Mills. U. S. Dept. of Agr., Bureau of Agricultural Economics. December 1934. pp. 1 - 22. (Mimeographed.)

Conrad, C. M., and Webb, R. W., The Problem of Character Standardization in American Cotton. U. S. Dept. of Agr., Bureau of Agricultural Economics. July 1935. pp. 1 - 19. (Mimeographed.)

This phase of the analysis will proceed from the assumption that adjustments in marketing procedures designed to remedy the existing defects should, in the interest of all parties concerned, involve the minimum of extra marketing machinery and expense consistent with effective results. On the basis of this assumption it would appear to be in order to examine first the possibilities for the correction of the unsatisfactory features of the existing system by marketing agencies themselves.

Classification of Cotton by First-Buyers

A correction of the situation by marketing agencies themselves would involve an adjustment in purchasing procedures of those agencies that do not examine individual bales for quality, but purchase on a rough approximation to average quality of the cotton in the local market, as well as by those firms that make only a perfunctory classification of individual bales and differentiate for quality in a general way only in prices paid to growers.

It has been shown that the buying of cotton in producers' local markets is a seasonal business and that for the most part the buyers concerned with purchases from growers are also engaged in other activities. Since accurate classification of cotton requires a high degree of skill, usually acquired by extensive experience in the work, first-buyers are not as a general rule expert classers. Furthermore, the small volume of business usually available in individual local markets in most instances would not justify marketing firms in employing competent classers for the classification of cotton involved in purchases from growers. To do so would necessitate a material increase in the marketing margins of these agencies.

It is not improbable, however, that buyers now operating in producers' local markets could materially improve their ability to class cotton by having copies of the official cotton standards available for reference and by attendance at classing schools which are conducted by some of the larger cotton firms as well as by colleges of agriculture in a number of the cotton-producing States. Apparently some progress has been made in this direction during recent years, as evidenced by the attendance of first-buyers at such schools and by the recognition, on the part of a substantial portion of the cotton trade, of the existing unsatisfactory situation in producers' local cotton markets.

But it is not improbable that, because of the inertia of custom, the correction of the defects of the marketing system from within will be slow and will be limited to a rather small proportion of the markets in which growers sell their cotton. Furthermore

growers are not inclined to have confidence in a classification by parties who have a direct interest in grower-first-buyer transactions. The significance of this fact usually is underestimated by the cotton trade. As very few growers can class cotton themselves, they prefer to have the classification of a disinterested agency as a basis for bargaining when they sell.

Classification by Ginners

As a substantial part of the crop is placed in marketing channels immediately upon ginning, it is advisable to consider the possibilities of integrating the services of sampling, classification and market news dissemination with the service of ginning. This would contemplate an extension of the service rendered to growers by ginners and for which the growers pay a fee. Such a service, if otherwise satisfactory, would have the advantage of making the classification available for the use of those growers who prefer to sell immediately upon ginning or who are obliged to do so because they need the money to meet obligations maturing at that time.

Ostensibly the assumption by ginners of the responsibility for these services for the benefit of their grower patrons would have the advantage of being impartial. Through the opportunities for training that are available, ginners or their employees could in time, probably, acquire the skill in classing that is necessary to qualify for a license to class under the provisions of the U. S. Cotton Standards Act. With provision for Federal supervision of sampling and classing, the authentication of samples and the reliability of classing would be assured within reasonable limits. But at present very few ginners are in a position to provide a satisfactory classification service. Furthermore, almost one-third of the ginners buy from growers either before the cotton is ginned or immediately thereafter. As the sampling of cotton under federal license is limited to individuals who do not have, or whose employers do not have, a direct financial interest in the cotton, 8/ a large proportion of ginners would be precluded from providing these services under conditions that would be generally acceptable to their patrons.

8/ U. S. Dept. of Agr., Service and Regulatory Announcement No. 153, Bureau of Agricultural Economics, 1936. Regulation 12, Section 18.

Sale through Cooperatives

It has been shown (table 8) that about 10 percent of the crop is marketed by producers through cooperative associations. The cotton so marketed usually is classed by classers who are licensed and supervised under the provisions of the U. S. Cotton Standards Act. Growers are paid according to prevailing market differentials for the various qualities of cotton delivered to the cooperative associations.

Apparently under the present highly centralized system of organization, the cooperatives have not in all cases been able to merchandise cotton as economically as some other types of marketing agencies. In certain instances, the services they have provided have not been adaptable to conditions in particular areas. For these and perhaps other reasons, apparently a large proportion of growers do not choose to market their cotton through existing cooperative channels.

Thus, although the cooperative associations probably have had a substantial part in narrowing marketing margins for raw cotton and although they perform a very useful function in providing a yard stick with respect to marketing margins, the marketing of cotton through cooperative channels, as at present constituted, does not offer a complete solution to the present problems. However, as indicated later, it is not improbable that in many instances growers could advantageously adopt other forms of local cooperative enterprise in marketing their cotton.

Sale through Factors or Commission Merchants

A substantial proportion of the growers in the Mississippi Valley and some growers in other parts of the Cotton Belt use the services of factors or commission men in selling their cotton. Usually when this is done, the cotton is placed in a warehouse by the grower who orders the warehouse company to sample the bales and forward the samples to a designated factor or commission man. Sometimes the factor himself operates a warehouse. It is the function of the factor or commission man to class the cotton, make a report of the class to the grower, and offer the cotton for sale to merchants, exporters, mill buyers, or other prospective purchasers. Unless the grower has stipulated a minimum acceptable price, the factor reports the best price obtainable and waits the confirmation of the grower before closing the transaction.

Although the sale of cotton in this way enables the grower to sell on the basis of quality and usually under very favorable terms, the existing factorage or commission system is designed primarily to serve only those growers who are operating on a relatively large scale. It is not improbable that this system of selling could, to advantage, be extended materially and the interests of growers be more definitely safeguarded if the responsibility of factors were more definitely established 9/ and if the individuals responsible for the classification of the cotton were licensed under the U. S. Cotton Standards Act so as to provide for Federal supervision of the classing work.

Some of the cooperative cotton marketing organizations used essentially this system of selling for their members. One that has been notably successful in holding its membership over a period of years has specialized, to a large extent, in conducting a cooperative factorage business for selling cotton consigned by its members. The overhead expense of operating under this system is relatively low. Where a sufficient volume of cotton is available to attract shippers, exporters, and mill buyers, this method of selling by growers appears to have possibilities from the standpoint of enabling growers to realize prices for their cotton consistent with its spinning value.

Classification by Warehouses

The U. S. Warehouse Act provides for the licensing of properly qualified individuals to inspect, sample, and classify agricultural products, stored or to be stored in a warehouse licensed to operate under that Act. 10/ A license to classify cotton by warehousemen or their employees may also be obtained by properly qualified individuals under the provisions of the U. S. Cotton Standards Act. In those cases where warehouses are accessible to growers, the facilities thus afforded have definite advantages from the standpoint of cotton growers. Among these are the fact that the authenticity of samples is safeguarded and the classification is performed under Federal supervision by an agency not having a direct financial interest in the cotton. Furthermore, growers having immediate obligations to meet are afforded prime collateral for loans in the form of generally acceptable warehouse receipts which in this case show on their face the quality of the product. This enables the grower to realize a substantial part of the current market value of his product pending a favorable sale. The limited information available indicates that at least in some

9/ Federal Trade Commission, Report on Cotton Merchandising Practices. Senate Doc. 194, 68th Congress, 2nd Session. pp. 1 - 23.

10/ Act of Aug. 11, 1916, (39 Stat. 486, Sec. 11 to 18, inclusive.)

cases growers who have used these facilities have sold on advantageous terms and have been paid differentials according to quality. 11/

Although some growers have availed themselves of the facilities thus provided for obtaining an impartial classification under Federal supervision, the proportion of the crop handled in this way has not been large (table 16). There are several reasons why these facilities have not been used more generally by growers. Perhaps the most important is the fact that warehouses licensed under the provisions of the U. S. Warehouse Act are not accessible to a large proportion of cotton growers. They are more generally accessible to growers in the southeastern States than in other parts of the Cotton Belt. Other reasons are: (1) The cotton trade, in most instances, has been reluctant to buy from growers on the certificates of classification afforded by this system; (2) warehousemen, whose clientele consists primarily of the cotton trade, have not as a group been aggressive in extending these services to growers; (3) growers have been slow to change from established customs of marketing.

A recent development in the Southeast has been the entry of local groups of growers into the cooperative marketing of cotton organized around cooperatively owned warehouses. The management of the warehouse receives the cotton of the members, classes it and, at the discretion of the members, offers it for sale in even-running lots to merchants, mill buyers, and others. This method of marketing appears to have possibilities from the standpoint of the present problem particularly in those localities in the Southeast where a sufficient volume is available and where the merchandising to local mills is feasible.

In view of the existing situation, particularly with respect to the accessibility of warehouses, it does not seem probable that this procedure of handling and marketing cotton will provide a generally applicable solution to the present problem. However, the possibilities for improving the functioning of this system and for its further extension by cooperative endeavor or otherwise merit careful study.

Sale by Auction

The auction method of selling cotton has been adopted in a limited number of producers' local markets. Most of these are located in the southeastern States where this method of selling by growers has been developed in connection with the marketing of other agricultural products, particularly tobacco.

11/ Howell, L. D., and Hembree, J. F., Cotton Prices in Relation to Cotton Classification Service and to Quality Improvement. U. S. Dept. of Agr., Bureau of Agricultural Economics. January 1937. pp. 1 - 42. (Mimeographed.)

Auction markets for cotton vary greatly in size and in mechanics of operation. In some cases only a few hundred bales are sold informally at irregular intervals at gin yards. Others handle a volume in excess of 20,000 bales per season, and are provided with special facilities for receiving, classing and selling. Sales in the latter case are made according to a definite schedule.

Usually at the smaller auctions the cotton is not classed and is sold in crop lots. At the larger auctions, where a definite procedure has been adopted for handling cotton, all bales are classed, at least in an approximate manner, and are offered for sale in lots according to grade and staple. The mechanics of settlement between farmer and buyer or between the two parties and the auction company vary materially. Some of the informal auctions are conducted without any expense. Usually in the case of the formal auctions a per-bale fee is charged the grower for the services performed by the auction company. Although the smaller auctions usually attract only small local buyers, cotton merchants and mill buyers frequently buy cotton at the larger auctions.

This method, if properly safeguarded from the standpoint of growers, appears to have possibilities as a means of selling cotton on the basis of quality. It has advantages from the view-point of buyers as well as growers. The per-bale expense of cotton buyers incident to this method of buying is materially lower than under other methods of buying in that, as a rule, larger quantities are obtained in connection with a single transaction. Furthermore, if purchases can be made in lots that are even-running with respect to quality to fill definite commitments, the expense of handling bales of qualities for which the buyer does not have an outlet is eliminated.

The auction system of selling even-running lots that have been classed according to the official standards also has decided advantages in that it provides a readily available index of comparative values. If a significant proportion of the crop were sold in this way in the various producing areas, the market information that would be made available, assuming competitive bidding at the auctions, would generally improve the bargaining position of other growers in each respective area.

But growers must be assured of competitive bidding if this method of selling is to be equitable from their standpoint. Other essential safeguards are supervision of classing to insure accurate work and adequate market information as a basis of comparison for prices offered. The employment of samplers and classers licensed under the provisions of the U. S. Cotton Standards Act would appear to

be desirable in order to insure the authenticity of samples and the accuracy of the classing work. Moreover, the number of points at which auction markets are established apparently should be limited to provide adequate volume for economical operation at each auction.

In the absence of an extensive experience with the auction type of market for cotton, it is difficult to make an appraisal of this method of marketing from the standpoint of correcting existing defects in the functioning of producers' local markets. The fact that the auction method has to date been limited to a relatively few cotton markets and that the mechanics of conducting such markets have not become well standardized adds to the difficulty of appraisal. But this procedure seems to have possibilities, particularly in those localities in the southeastern States where sufficient quantities of cotton are available for economical functioning and to attract mill buyers as well as merchants. The adaptability of this method to other parts of the Cotton Belt is not sufficiently indicated to justify placing general reliance on it as a means for correcting existing defects. Further experimentation with this method of selling cotton by growers appears desirable.

There would appear to be possibilities for integrating this type of marketing procedure with cooperative marketing. The local auctions could to advantage be set up as local cooperative enterprises for the sale of cotton produced in a given area. Then there would apparently be an advantage in having the local auctions affiliated with the regional cooperative associations. This affiliation would provide a clearing house for the local auctions with respect to operating methods as well as a source of current market information. It would be desirable to have an arrangement with the cooperative association whereby the latter would submit a bid on each lot of cotton offered for sale to insure that growers receive market value for the cotton in each instance. Under this arrangement the cooperative association, being in constant contact with the market over a wide area, would be in a position to know at what price the association could profitably take over any given lot and merchandise it through its regular procedures. That price would be bid and the cotton acquired, unless a higher bid were placed by other buyers. Perhaps this arrangement would justify a small per-bale fee to the cooperative association for all cotton sold through the auction to compensate it for the services rendered to the local auction market. 12/ Such an arrangement appears to have advantages from the standpoint of the cooperative associations as well as of the local auction markets.

12/ W. W. Petrow and O. W. Herrmann suggested essentially the same type of integration of local auction markets and the regional cooperative associations in an unpublished report of 1933 to the Federal Farm Board entitled "Problems of and Reorganization Plans for Cooperative Cotton Marketing in the Southeast."

Official Sampling and Classification at Gins

From the view-point of growers, the most effective classification service, other things being equal, would be one that would give them the grade and staple and the market value of their cotton before they leave the gin. As a substantial part of the crop is sold by growers immediately upon ginning, an impartial classification service at each gin would provide all growers with classification information as a basis for selling, except those who sell their cotton in the seed.

However, because of the large number of gins (12,613 were operating during the season 1936-37) and the relatively small number of bales ginned at each (an average of 963 bales in 1936-37), 13/ it appears to be impracticable to station a competent classer at each gin. Other practical difficulties include the recruiting of a sufficient number of qualified classers and the supervision of their work. To date, there have never been more than about 475 classers licensed under the U. S. Cotton Standards Act during one season. 14/ It is known that many classers in the cotton trade would be able to qualify for federal license, but it is not probable that the total number of qualified classers would be more than a small fraction of the number required if a classer were stationed at each gin. Probably it would require several years to train a corps of classers adequate to operate on an individual-gin basis. The lack of facilities at gin points necessary for accurate classing would preclude satisfactory work unless the expense of providing adequate facilities were incurred. Furthermore, as a competent classer, operating under favorable conditions, could easily class in 2 days the entire season's output of the average gin, the cost of keeping a competent classer at each gin to class cotton as ginned throughout the season would be prohibitive, except in the case of the larger gin units.

Sampling at Gins and Classification at Centrally Located Offices

Apparently the only alternative that has not been considered is that of obtaining properly authenticated samples at gins and their classification at centrally located classing offices. As in the case of the other alternatives considered, this procedure would contemplate an accompanying service of market-news dissemination to cotton growers. This type of service, operated by the Federal Government, has been proposed in several instances during recent years. Bills containing the proposal were introduced in the 73rd

13/ U. S. Bureau of the Census.
14/ Annual Reports of the Chief of the Bureau of Agricultural Economics, U. S. Department of Agriculture.

and 74th Congresses. 15/ A bill, evidently contemplating essentially this procedure but providing that the service would be limited to those growers who participate in cotton-improvement programs under such regulations as may be prescribed by the Secretary of Agriculture, was enacted by the 75th Congress and was approved by the President. 16/ To date, funds to make the act effective have not been appropriated.

Proposals of this kind are based on the philosophy that official grading of farm products not only tends to promote confidence and stability throughout the marketing process, but that producers who sell commodities of a highly specialized nature to buyers who are skilled in judging values are entitled to the disinterested service of the Government as a means of overcoming this lack of technical knowledge of quality and value. This philosophy is based on the assumption that those who devote their lives to the buying and manufacturing side of the industry are far more skilled in judging values than producers can hope to be. 17/ Other basic assumptions are that an unbiased classification is needed to inspire confidence on the part of producers and that classification by other than Civil Service personnel is not entirely satisfactory because of the tendency for licensed classers to be subject to influence by the parties upon whom they are dependent for their pay. The practical difficulty of providing thoroughly adequate supervision of licensed classers is recognized. Supervisory systems developed to date provide a test of ability to class cotton accurately but not an adequate test of day-to-day performance.

The procedure contemplated by these proposals for an official classification service include establishing classing offices at points conveniently located with respect to producing areas to permit prompt service in transmitting samples and in the return of classification information to growers. Promptness would be facilitated if classing offices were located at concentration points serving each producing area. But, from the standpoint of number of classing offices established, it might be necessary to make some compromise between promptness of service to growers and the quality and economy of the service. From the standpoint of accuracy of classification and effective use of personnel, it would be desirable to limit the number of offices to those that could be well equipped and at which personnel could be supervised effectively.

15/ H. R. 9947, 73rd Congress, 2nd Session. H. R. 2736, 74th Congress, 1st Session. H. R. 2801, 74th Congress, 1st Session.
16/ Act of April 13, 1937, Public No. 28, 75th Congress.
17/ Kitchen, C. W., National Standards for Farm Products. U. S. Dept. of Agr., Bureau of Agricultural Economics. January 1938. pp. 1 - 9. (Mimeographed.)

Some Practical Problems in Providing Classification and Market-News Services to Growers

An underlying assumption common to the various alternative proposals for providing classification and market news to growers is that these services could be integrated effectively with existing marketing procedures so as to accomplish the end of enabling growers to sell their cotton on the basis of quality. In any given situation, the possibility of integrating services of classification and market news with the existing market mechanism in such a way as to make them effective for the purposes intended, depends primarily upon the attitudes of growers on the one hand and ginners and buyers on the other. If growers are quality conscious and appreciate the advantages of knowing the quality and market value of their product as a means for improving their bargaining position, they are likely so to adjust their selling practices as to enable them to make effective use of these services. But if growers are not quality conscious and do not have an appreciation of the possibilities of improving their bargaining position, it is not probable that classification and market news services would be utilized advantageously in local markets. 18/

Similarly, if ginners and buyers are not aware of or are indifferent toward the implications of the system of buying on average quality, or if they are not sympathetic toward adjustments in marketing procedures because they think the existing system operates to their own pecuniary advantage, it will be difficult, if not impossible, effectively to integrate classification and market-news services with the present market mechanism. Under such circumstances, if growers wish to adjust marketing procedures so they can sell on the basis of quality of individual bales, it probably will be necessary for them to take the initiative in finding market outlets under conditions that will permit them to use advantageously the information on the quality and market value of their product.

On the basis of their present information or experience with respect to official classification, about 30 percent of the cotton growers are not interested in having such a classification (table 39). An additional 6 percent would not be interested in having the service unless it were made available immediately upon ginning.

As has been shown (page 52), the expense of providing classification service at gins or in small local markets so the classification would be available for use in the sale immediately after

18/ Wright, J. W., Smith, G. R., and Shanklin, J. A., Cotton Marketing in the Salisbury Area of North Carolina, Bulletin No. 317, N. C. Agr. Expt. Sta., December 1937. pp. 1 - 59.

ginning would be prohibitive in most instances. As a general rule, approximately 5 days from the time of ginning would be required to place an accurate classification in the hands of the grower. Only slightly more than half the cotton growers of this country would be willing to delay the sale as long as 5 days for the sake of having reliable and impartial information with respect to the quality of their cotton as a basis for selling.

Table 39. - Proportions of cotton growers willing to delay sale of cotton for specified periods in order to have classification as a basis for selling, season 1935-36

Days growers would delay sale	Percent of United States growers
	Percent
Same day	6
1 day	1
2 days	1
3 days	3
4 days	6
5 days	13
6 days	7
7 days	14
8 days	2
9 days	1/
10 days	11
11 days	1/
12 days	1/
13 days	1/
14 days	2
15 days	4
Do not want service	30
Total	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

The attitude of growers toward classification varies materially throughout the Cotton Belt. In Alabama, only about 2 percent expressed themselves as not interested in having official classification under any circumstances (table 70). However, not more than 25 percent would be interested unless the information regarding classification were available immediately, or within a period of time too short to permit of satisfactory service under most circumstances.

Essentially the same situation with respect to the time element was found in Arkansas, Florida, North Carolina, South Carolina, and Texas where, in each instance, a considerable proportion of the cotton is sold to ginner-buyers immediately upon ginning. To delay the sale in order to have classification would involve inconvenience to growers.

Less than half the growers in Missouri, Oklahoma, Tennessee, and Virginia want to have official classification under any circumstances. In Arizona and California all the growers appeared to want official classification as a basis for selling and most of the growers in each of these States would be willing to delay sale long enough to permit of a satisfactory service. The delay in receiving classification would not necessitate any material change in the selling practices of these growers.

Although a substantial proportion of the growers in the other cotton-producing States were not interested in having classification information, most of those who were interested were willing to wait a reasonable time for the sake of having information as a basis for bargaining. But it could be expected that, if there were losses through decline in price while waiting for the classification, many growers who now sell immediately upon ginning would return to that practice.

The problem of securing samples from bales as a basis for an official classification service merits careful consideration. The simplest method, and the one usually envisioned, is to have the samples drawn at the gin either while the bales are being formed in the gin press-box or after the bales have been turned out of the press. Usually the gin-press attendant or some other member of the gin crew is assigned this duty. Almost two-thirds of the gin operators would be willing to take samples from the gin press-box but only about 40 percent would be willing to cut samples from the bales after they are turned out of the press (table 40). In a few of the States, all or practically all of the ginners would be willing to take press-box samples. Texas is the only cotton-producing State in which less than half of the ginners would be willing to participate in such a service if press-box samples were acceptable. A substantially smaller proportion of ginners in all the States would be willing to cut samples from bales, because to cut a sample from each side of a bale takes more time than to draw a sample from the gin press-box and in some instances growers object to having their bales cut.

As adequate and authentic samples of bales are essential to satisfactory classification, the mechanics of the sampling work should have thorough consideration. The importance of this is frequently overlooked by cotton growers and ginners -- the two parties who are primarily concerned with sampling as a basis for making official classification available for use in grower-first-buyer transactions.

Table 40. - Proportion of ginners willing to sample cotton bales as a basis for official classification, by States, season 1935-36

State	Ginners willing to take	
	Press-box samples	Cut samples
	Percent	Percent
Alabama	70	55
Arizona	89	89
Arkansas	70	73
California	80	80
Florida	50	50
Georgia	83	39
Louisiana	57	27
Mississippi	70	19
Missouri	100	67
New Mexico	100	78
North Carolina	63	24
Oklahoma	63	63
South Carolina	61	47
Tennessee	68	8
Texas	43	34
Virginia	80	10
United States	63	41

Estimates based on a survey in selected markets.

The method of obtaining samples and classing them, used in connection with the estimates of grade and staple 19/ of the annual United States crop, is perhaps the one usually thought of in connection with the possible new service. Samples for each bale are drawn from the gin press-box by the press attendant. A special serially-numbered card (upon which the gin bale number, date of ginning and sometimes the name and address of the grower has been recorded) is placed inside the sample. The samples are mailed in especially designed mail bags to a central classification office. These offices have the facilities necessary for fairly satisfactory classing. If the ginner has given the name and address of the grower, the card showing the classification of the bale represented by the sample is mailed back to the grower.

19/ Act of March 3, 1927. (44 Stat. 1372 - 1374.)

This system is satisfactory for the statistical purposes for which it was designed but it has definite weaknesses from the standpoint of a service for growers. In the first place, the press attendant who draws the samples and identifies them is frequently not a suitable person to intrust with this responsibility. As very little training or technical knowledge is required to operate a gin press the less skilled member of the gin crew usually does it. Wage rates are relatively low and the turnover of personnel for this position is frequent. Under these circumstances, as growers and buyers are not assured of the authenticity of samples upon which the classification is based, buyers could be expected to be reluctant to base their purchases on a classification so made.

For buyers to be able to rely safely on official classification, authentic samples are a first requisite. This means having thoroughly reliable samplers. No doubt confidence in the authenticity of samples would be materially increased if the individuals responsible for drawing them were licensed and bonded under the provisions of the U. S. Cotton Standards Act. 20/

If the sampling were to be done by licensed samplers, the most economical plan, in most instances, would be to have ginners or their employees perform the service. Less than half the ginners would be willing to qualify as licensed samplers in order to guarantee the authenticity of samples drawn by them as a basis for official classification (table 41). In Arizona, Florida, and New Mexico, most of the ginners would be willing to qualify as licensed samplers, while in Louisiana, Mississippi, Missouri, South Carolina, Texas, and Virginia only a small proportion of the ginners would be willing to qualify. Many would be unable to qualify as licensed samplers under existing regulations because they are engaged in cotton production or in buying cotton and so have a financial interest in cotton ginned at their plants for which sampling service would be desired. Therefore, it is not unlikely that many of the ginners who indicated a willingness to qualify as licensed samplers, would be unable to quality.

As qualifying for license would involve some expense, most ginners would expect pay for doing the sampling. Likewise if the service were to be performed by a special sampler, a fee would be required.

Approximately 60 percent of the cotton growers would be willing to take part in maintaining a licensed sampling service on a self-supporting basis provided an official classification service

20/ Act of March 4, 1923, as amended. (47 Stat. 1621, Sec. 2.)

were made available to them (table 42). Attitudes of growers with respect to this question vary materially for the various States. Approximately 80 percent in the irrigated cotton-producing region were favorable to such a service, while only about 20 percent in Tennessee and Virginia would be willing to participate. The situation in Tennessee and Virginia is partially explained by the fact that in those States much of the cotton is sold in the seed so the service could not be used effectively by growers.

Table 41. - Proportion of ginners willing to qualify as licensed samplers in connection with an official classification service, by States, season 1935-36

State	Ginners willing to qualify as licensed samplers
	Percent
Alabama	65
Arizona	89
Arkansas	67
California	60
Florida	100
Georgia	57
Louisiana	33
Mississippi	22
Missouri	33
New Mexico	100
North Carolina	50
Oklahoma	51
South Carolina	37
Tennessee	1/
Texas	31
Virginia	10
United States	43

1/ 100 percent opposed.
Estimates based on a survey in selected markets.

Although most ginners are not in favor of providing a sampling service for their patrons, most of them are in favor of growers having classification and market information (table 43). Most ginners would be willing to post at their gins information relative to prevailing market prices for various qualities of cotton if this information were regularly supplied from official sources. In Mississippi and Tennessee, a minority of the ginners only would be willing to take part in making available to growers information about the classification and market value of their cotton.

Table 42. - Proportion of cotton growers willing to maintain a self-supporting sampling service if official classification service were available, by States, season 1935-36

State	Growers willing to support sampling service
	Percent
Alabama	68
Arizona	79
Arkansas	62
California	81
Florida	57
Georgia	59
Louisiana	57
Mississippi	59
Missouri	40
New Mexico	85
North Carolina	59
Oklahoma	53
South Carolina	66
Tennessee	22
Texas	56
Virginia	20
United States	59

Estimates based on a survey in selected markets.

The attitude of marketing agencies toward buying cotton on the basis of official classification is important in an appraisal of the possibilities for the effective use of such classification by growers. The attitude of first-buyers toward purchasing cotton from growers on official classification is considerably influenced by the way in which the cotton is resold by them as well as their belief in the reliability of the service.

In those cases where the cotton is resold on terms that do not involve the use of standard descriptions, the increased risk in buying on description is advanced as an objection to the basing of purchases from growers on such a classification. It has been shown previously that about 60 percent of the sales by first-buyers are based on actual samples or on private types (table 35, page 39). Therefore, it is not surprising that buyers of approximately that same proportion of the crop would be unwilling to base their purchases on official classification (table 44).

Table 43. - Proportion of ginners favorable to furnishing cotton growers classification and market information, by States, season 1935-36

State	Ginners in favor of furnishing classification and market information to growers
	Percent
Alabama	95
Arizona	89
Arkansas	90
California	100
Florida	100
Georgia	96
Louisiana	90
Mississippi	41
Missouri	67
New Mexico	89
North Carolina	90
Oklahoma	95
South Carolina	90
Tennessee	36
Texas	89
Virginia	90
United States	84

Estimates based on a survey in selected markets.

Table 44. - Proportions of cotton crop purchased by buyers willing to buy from growers on official classification under specified conditions, season 1935-36

Attitude of buyers toward basing purchases on official classification	Percent of United States crop
	Percent
Willing to purchase on official classification based on:	
Either press-box or cut samples	21
Press-box samples only	1/
Cut samples only 2/	22
Not willing to purchase on official classification	57
Total	100

1/ Less than 0.5 percent.
2/ Samples drawn from both sides of each bale by a Government licensed and bonded or other reliable sampler. (See also table 71.)
Estimates based on a survey in selected markets.

Variations in the classification by different classers or by the same classer at different times or under different conditions frequently are cited as an argument against basing purchases from growers on an official classification. Although the establishment of fixed standards, to which classers can refer for guidance, has done much to promote uniformity of classing, differences and inconsistencies in results are not unusual. 21/ This is because cotton classing in its present state of development depends upon human perceptions of sight and touch and involves the exercise of human judgment. By standardizing the light, atmospheric humidity, and temperature conditions under which classing is done, by providing representative and authentic samples, and by adequate supervision, official classification for grade and staple length can be made sufficiently reliable for practical trade purposes.

About one-fifth of the American crop is now bought by buyers who would base purchases on official classification provided the classification were based on properly authenticated samples drawn from both sides of bales. The remaining one-fifth of the cotton is now marketed through buying agencies which would be willing to buy cotton from growers on official classification based on either press-box or cut samples under customary sampling procedures.

The disinclination on the part of most first-buyers to base their purchases for an official classification is not surprising for at present they would be unable to resell on the same classification, hence an additional element of risk would be involved. Some first-buyers who are operating independently and who are not skilled in classing cotton look upon an official classification service either as a means for reducing risk in buying from growers or as a guide in the resale of the cotton.

As the experience to date in furnishing official classification and market news services to growers who sell through customary channels has shown rather limited direct advantage to growers, and as most first-buyers do not seem to be inclined to base purchases on official classification, it is obvious that merely furnishing growers with these services is not likely to prove a complete solution to the present marketing problem. The problem is much more complex than is generally assumed by those who would place sole reliance for its solution on furnishing these services to growers. Their effective use by growers will usually involve readjustments in marketing procedures. There is an indicated need for a thorough testing of such alternative methods in selling as auction sales of pooled lots classed into even-running grades and staples, consignment selling, and other marketing devices designed to help growers to realize prices that are consistent with quality. It is not likely that any single procedure in selling will provide the best alternative for all parts of the Cotton Belt.

21/ Bureau of Agricultural Economics, The Classification of Cotton. U. S. Dept. of Agr. Misc. Pub. No. 310, 1938. (Paragraphs 57, 92, and 99 to 103.)

SUMMARY AND CONCLUSIONS

(1) Costs of manufacturing cotton goods are lower and goods that are more desirable from the standpoint of consumers are produced when the higher grades and longer staples of cotton lint are used. This being the case, manufacturers customarily pay premiums for lint of the higher grades and longer staples.

(2) Prices paid to individual producers of cotton lint do not generally reflect the quality preferences of manufacturers.

(3) As the marketing system does not so function as to encourage the production of cotton of the qualities most wanted by manufacturers, consumers pay higher prices and obtain less desirable goods than otherwise would be the case; producers individually cannot realize the benefits of comparative advantage in producing cotton of the better qualities, and American cotton is placed at a competitive disadvantage in world markets.

(4) The unsatisfactory functioning of the marketing system is partially attributable to inequality in bargaining power as between producers and first-buyers of cotton. Among the principal factors contributing to this inequality is the producers' lack of adequate knowledge of the quality and market value of their product.

(5) There is an apparent lack of proficiency on the part of a substantial proportion of first-buyers in differentiating various qualities of cotton bought from growers.

(6) These weaknesses in the marketing system are inherent under the existing organization of producers' local markets and under existing customs of selling by growers.

(7) This being the case, proposals to remedy the existing unsatisfactory situation by providing growers with information regarding the quality and market value of their cotton would not be fully effective unless accompanied by adjustments in the marketing practices of growers.

(8) No solution to the problem of selling cotton by producers according to quality appears to be applicable under all conditions throughout the Cotton Belt. Any plan for solving this problem will have to be sufficiently flexible that it can be adapted to a variety of local conditions.

(9) Alternative procedures in marketing cotton that appear to be promising from the standpoint of enabling individual producers to realize prices that are approximately consistent with the spinning value of their product are: auction sales of pooled lots that are even-running in quality, consignment selling under proper safeguards, selling on the basis of a licensed classification service at warehouses, and selling through various kinds of cooperative associations. It is probable that official sampling and classification services could be integrated effectively with some of these procedures.

(10) These alternative procedures in marketing would involve the assumption on the part of growers themselves of some of the services and risks now assumed by some kinds of first-buyers.

(11) The apparent immediate need is for the testing of alternative procedures in marketing and of possibilities for integrating effectively such public services as cotton classification and market news dissemination with various alternative procedures.

(12) The ultimate need is for those technological developments necessary to eliminate the human equation in sampling of bales, to permit the classification of cotton with respect to all significant elements of quality that are taken into account by cotton manufacturers, and to permit standardizing the conditions under which cotton is classified. If and when these developments are fully realized an initial classification, perhaps under the auspices of a public agency, could serve as the basis for all transactions in raw cotton from producer to manufacturer, thereby reducing the marketing costs incident to the repetition of sampling and classing services that are now required in connection with each change in ownership of the bales.

APPENDIX

Statistical Tables

Table 45.- Proportions of seed cotton hauled specified distances to gins, by States, season 1935-36

Distance from farm to gin	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Under 1 mile	16	1	8	1/	-	17	14	19	2	8	16	4	31	1	18	12
1 to 2 miles	11	18	10	5	2	15	31	17	32	44	19	8	12	5	17	6
2 to 3 miles	20	22	22	3	3	17	15	14	3	18	17	10	14	16	17	17
3 to 4 miles	9	16	21	24	9	9	10	19	14	5	14	29	12	24	13	14
4 to 5 miles	14	15	8	17	3	9	9	9	12	9	9	13	10	22	10	14
5 to 6 miles	5	3	10	6	4	9	3	8	13	6	6	10	9	14	8	13
6 to 7 miles	9	11	6	4	7	10	4	7	18	10	4	7	4	3	8	5
7 to 8 miles	3	2	3	22	-	3	1	3	6	-	3	7	2	9	2	12
8 to 9 miles	5	3	2	17	4	3	6	2	1/	-	3	2	2	4	2	2
9 to 10 miles	3	-	9	1	11	3	1	1/	-	-	1	1/	-	1	2	1
10 to 11 miles	1	1	1	-	1	2	1	1	-	-	2	4	1/	-	2	2
11 to 15 miles	4	8	-	1	34	2	1	1	-	-	1	5	2	1	1	2
16 to 20 miles	1/	-	-	-	20	1	4	-	-	-	1	1	1/	-	1/	-
21 to 25 miles	-	-	1/	-	-	-	-	-	-	-	1	-	2	-	-	-
26 to 30 miles	1/	-	-	-	-	1/	-	-	-	-	3	-	-	-	1/	-
31 to 40 miles	-	-	-	-	2	-	-	-	-	-	1/	-	-	-	-	-
41 to 50 miles	-	-	-	-	-	-	-	-	-	-	1/	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.
Estimates based on a survey in selected markets.

Table 46. - Proportions of cotton sold by growers at specified places, by States, season 1935-36

Time and place of sale	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
At gin or street market:																
In seed 1/	-	-	7	-	6	-	2/	-	3	1	1	20	2/	31	1	20
In bales:																
Immediately after ginning	14	1	68	2/	94	18	80	5	97	2	83	67	80	42	32	34
Later	15	99	23	100	-	19	18	-	-	90	8	6	11	27	16	26
At local cotton yard or warehouse	71	-	2	-	-	63	2/	72	-	7	6	7	6	-	51	-
At farm	-	-	-	-	-	-	2	-	-	-	2	-	3	-	-	20
From factors' tables	-	-	-	-	-	-	-	23	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Other than crop remnants.

2/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 47. - Seasonal distribution of ginnings 1/ and marketings 2/ of cotton by growers, by States, season 1935-36 (cumulative proportions)

Year and month	Alabama		Arizona		Arkansas		California		Florida		Georgia		Louisiana		Mississippi		Missouri		New Mexico		North Carolina		Oklahoma		South Carolina		Tennessee		Texas		Virginia	
	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings	Gin-nings	Mark-ings
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1935																																
August 3/	16	4	2	5	1	1	4/	1	39	13	85	7	20	6	12	2	4/	-	-	-	4/	3	4/	-	6	3	4/	-	16	8	-	-
September	67	29	13	24	29	20	4	7	85	59	65	28	67	37	61	27	15	13	2	2	18	10	4	5	43	22	19	11	32	25	3	1
October	94	58	38	36	65	54	44	16	97	81	92	58	95	67	92	62	49	45	41	13	58	38	36	33	83	52	63	48	67	56	51	17
November	99	80	66	47	87	79	75	41	99	86	98	78	99	85	99	81	78	74	72	33	92	64	66	63	96	75	90	81	85	77	84	64
December	100	85	93	69	99	91	89	60	99	87	100	84	100	93	100	89	96	92	90	68	99	77	95	83	98	84	100	91	95	88	97	77
1936																																
January	4/	91	100	88	100	94	97	62	99	89	-	87	-	94	4/	92	100	93	99	88	100	84	100	91	99	88	4/	94	100	93	98	84
February	4/	93	4/	90	4/	95	99	82	100	92	4/	89	-	95	-	95	4/	94	100	93	4/	87	4/	93	100	91	-	95	4/	94	98	94
March	4/	96	-	96	-	96	100	87	-	93	-	93	-	96	-	96	4/	95	-	94	-	92	-	94	4/	94	-	96	4/	95	100	95
April	-	97	-	97	-	97	-	90	-	94	-	95	-	97	-	97	-	97	-	97	4/	96	-	97	-	96	-	97	-	96	-	96
May	-	98	-	98	-	98	-	94	-	95	-	98	-	98	-	98	-	98	-	98	-	98	-	98	-	98	-	98	-	97	-	97
June	-	99	-	99	-	99	-	97	-	99	-	99	-	99	-	99	-	99	-	99	-	99	-	99	-	99	-	99	-	98	-	99
July	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100	-	100

1/ Based on reports of the Bureau of the Census supplemented by a survey in selected markets.
2/ U. S. Department of Agriculture, Bureau of Agricultural Economics, estimated monthly cotton marketings by farmers in percentage of year's sales, 1924-36. January 1936, p. 1. (multigraphed)
3/ Includes all cotton ginned and all cotton marketed from the 1935 crop before September 1. Presumably marketings refer to delivery of cotton to buyers and does not include sales made by growers for forward delivery.
4/ Less than 0.5 percent.

Table 48. - Factors determining time of selling cotton by growers and relative importance of each, by States, season 1935-36

Factors determining time of selling	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
To meet immediate obligations	65	66	61	70	81	60	68	27	72	38	42	60	72	5	65	52
Price considered most favorable	32	34	39	30	17	31	24	56	28	43	47	25	27	20	31	31
To avoid loss in weight	1	-	1/	-	-	1	-	1	-	2	2	-	-	-	-	-
Custom to sell immediately	1	-	-	-	-	6	1	15	-	2	2	15	1	75	4	9
To avoid storage, insurance and other charges	1	-	1/	-	-	1	1	-	-	15	2	-	1/	-	-	3
Convenience	1/	-	-	-	2	1	1/	1	-	-	3	-	-	-	-	4
No storage facilities	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1/	1
Considered advantageous to sell through cooperative	-	-	-	-	-	-	6	1/	-	-	1	-	-	-	1/	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 49. - Proportions of cotton sold by growers through specified types of marketing agencies, by States, season 1935-36

Type of marketing agencies through which cotton was sold by growers	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Independent local buyers	34	6	48	4	15	50	50	29	-	6	19	4	43	9	38	17
Ginner-buyers	36	58 1/	21	54 1/	80	22	15	2/	91	24 1/	41	80	16	73	26	23
Representatives of cotton merchants	13	24	2	16	-	1	9	17	-	10	13	1	13	3	15	53
Cooperatives 3/	4	2/	13	17	-	8	17	26	8	43	5	14	4	9	9	1
Supply merchants	12	-	3	-	5	4	9	1	1	-	13	-	12	-	8	-
Factors	-	-	13	-	-	6	-	27	-	-	2/	-	-	-	3	-
Mill buyers	1	-	-	-	-	9	-	2/	-	-	9	1	12	6	-	6
Cotton finance companies	-	12	-	9	-	-	-	-	-	17	-	-	-	-	1	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Includes cotton finance companies operating gins.

2/ Less than 0.5 percent.

3/ Does not include cotton acquired by cooperatives from first-buyers.

Estimates based on a survey in selected markets.

Table 50. - Reasons assigned by cotton growers for choice of buyer through whom to market cotton and relative importance of each, by States, season 1935-36

Reason for choice of buyer	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Highest bidder or considered to have best price	45	49	39	35	15	70	64	56	5	27	56	33	49	17	69	44
No other buyer available	4	-	1/	-	70	6	1	7	10	-	2	7	22	1	3	6
Confidence in buyer	5	7	2	2	-	8	4	10	-	8	4	5	1	3	3	10
Custom	1	6	10	2	7	4	10	6	72	-	4	25	18	40	5	5
Satisfied with first offer	2	1	1/	2	2	3	-	5	-	2	2	1	1	2	2	11
Same prices from all buyers	21	6	4	-	2	1	1/	1	-	-	2	5	5	6	4	11
Guaranteed highest price	1	-	-	-	-	-	-	-	-	-	1/	1/	-	-	1/	-
Friendship	2	1	2	-	-	1	1/	1	-	-	1	1/	1/	-	1/	-
Indebted to buyer	2	28	3	52	4	1	8	3	-	15	4	1/	1/	1	1	4
Business connections with buyer	4	-	-	-	-	1/	1/	1	5	-	1	3	-	-	1	3
Convenience	7	2	-	-	-	2	2	1/	-	-	16	4	2	-	2	3
Related to buyer	1	-	-	-	-	1	-	1/	-	2	1/	1	-	-	1	-
Purchased on basis of quality	1/	-	1	-	-	1	-	1	-	-	1/	-	-	-	-	-
Most liberal weights	1/	-	-	-	-	-	-	-	-	-	1/	-	-	-	-	-
Delivered to Resettlement Administration for sale in pooled lots	1/	-	-	-	-	1/	-	1/	-	-	1/	-	-	-	-	-
Ginner pays more for cotton ginned at own plant	-	-	-	-	-	-	1	-	-	-	-	1	1/	-	-	-
Ginner buys only cotton ginned at own plant	1/	-	5	-	-	-	3	-	-	-	1	13	-	30	7	-
Agreement by buyer to pay premium on cotton produced under cotton improvement program	-	-	-	-	-	-	-	-	-	-	1/	-	-	-	-	-
Buyer selected by landlord	1	-	-	-	-	1/	3	1/	3	-	1	-	1	-	1/	-
Prefer selling cooperatively	-	-	1	7	-	-	2	8	-	46	3	2	-	-	1	-
Prefer to sell direct to mill	1/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sell to landlord	-	-	-	-	-	-	1	-	5	-	2	-	1	-	-	3
No special reason	4	-	33	-	-	2	1	1	-	-	1	-	1/	-	1	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 51. - Proportions of cotton sold by growers after interviewing specified numbers of buyers, by States, season 1935-36

Number of buyers interviewed before selling cotton	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1 buyer	62	42	35	33	87	32	40	48	95	75	50	84	55	84	43	52
2 buyers	24	54	30	28	9	24	12	30	5	15	21	14	14	9	25	35
3 buyers	11	3	24	30	4	18	42	16	-	8	14	2	11	6	23	11
4 buyers	2	1	5	9	-	25	6	5	-	2	11	1/	19	1	5	1
5 buyers	1	-	5	-	-	1	1/	1	-	-	2	1/	1	-	3	1
6 buyers	-	-	1	-	-	-	-	1/	-	-	1	-	1/	-	1	-
7 buyers	-	-	-	-	-	-	1/	-	-	-	1/	-	-	-	1/	-
8 buyers	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
9 buyers	-	-	-	-	-	-	-	-	-	-	1/	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 52. - Proportions of cotton sold by growers in lots of specified sizes, by States, season 1935-36

Number of bales in lot	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1 bale	10	1	11	1/	50	12	34	5	43	9	17	46	10	57	19	34
2 bales	10	2	3	1	26	14	7	4	13	13	11	13	11	9	8	24
3 bales	8	2	3	1	14	9	6	2	7	17	6	8	7	4	7	15
4 bales	7	2	3	1	3	6	3	2	10	6	4	5	6	3	5	9
5 bales	7	3	4	2	7	6	5	2	3	4	5	5	3	3	4	4
6 bales	5	3	1	1	-	5	2	1	1	2	3	2	4	2	2	2
7 bales	3	2	1	1	-	4	1	1	1	1	3	3	1	1	1	4
8 bales	3	3	1	1	-	5	2	1	2	4	4	2	2	1/	2	2
9 bales	1	1	1	1	-	2	2	1	1	-	1	1	2	-	5	2
10 bales	7	9	15	5	-	7	6	5	2	4	5	4	6	8	7	1
11 bales	1	1	1	1	-	1	1	1/	1	5	1	1	1	-	2	-
12 bales	2	1	1/	1	-	2	1	1	-	4	3	1	2	2	3	1
13 bales	1/	1	1/	1	-	1	-	1/	-	1	1	-	1/	-	1	-
14 bales	1/	1	1	-	-	1/	1	1/	-	-	1	1	1	-	1/	-
15 bales	3	5	2	2	-	3	-	1	3	-	2	1	3	1	2	2
16 to 20 bales	7	10	11	5	-	7	1	4	8	1	6	2	6	6	5	-
21 to 25 bales	6	6	6	6	-	3	2	7	5	19	5	-	11	2	4	-
26 to 30 bales	3	6	4	5	-	3	2	3	-	-	3	-	3	-	3	-
31 to 35 bales	2	2	1	2	-	1	-	2	-	5	2	1	3	2	1	-
36 to 40 bales	1	6	4	5	-	2	1	4	-	-	1	2	3	-	2	-
41 to 45 bales	1	2	-	-	-	-	-	1	-	-	1	2	6	-	1	-
46 to 50 bales	6	8	16	12	-	2	3	13	-	-	5	-	3	-	2	-
51 to 60 bales	1	3	-	2	-	1	-	4	-	-	2	-	1	-	2	-
61 to 70 bales	1	-	-	2	-	-	-	2	-	-	2	-	-	-	1	-
71 to 80 bales	1	3	1	1	-	-	2	5	-	5	1	-	-	-	1	-
81 to 90 bales	1	2	1	1	-	1	-	2	-	-	-	-	-	-	3	-
91 to 100 bales	1	6	9	6	-	-	-	13	-	-	2	-	3	-	3	-
101 to 200 bales	2	2	-	16	-	3	4	11	-	-	-	-	2	-	1	-
201 to 300 bales	-	6	-	2	-	-	14	2	-	-	3	-	-	-	1	-
301 to 400 bales	-	-	-	7	-	-	-	1	-	-	-	-	-	-	-	-
401 bales and over	-	1	-	9	-	-	-	-	-	-	-	-	-	-	2	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 53. - Types of market information available to cotton growers and proportion of growers having access to each type, by States, season 1935-36

Type of market information available to growers	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Futures prices, only	4	7	14	41	2	14	1/	9	5	-	32	12	1/	24	14	-
Spot prices for Middling 7/8 inch, only	26	5	6	-	66	21	3	7	5	8	16	26	43	2	14	55
Futures prices and spot prices for Middling 7/8 inch	27	18	2	15	11	34	6	2	-	21	28	34	33	2	16	34
Futures prices and premiums and discounts for grades and staples	-	23	1	7	-	1	-	3	2	-	-	-	-	4	1/	-
Spot prices for Middling 7/8 inch and premiums and discounts for grades and staples	1	1	2	-	-	1	5	2	5	8	1/	1	2	-	3	-
Futures prices, spot prices for Middling 7/8 inch and premiums and discounts for grades and staples	5	37	6	37	-	3	25	18	-	46	2	8	14	4	27	3
No market information except price offer	37	9	69	-	21	26	61	59	83	17	22	19	8	64	26	8
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 54. - Extent to which specified sources of market information were available to cotton growers, by States, season 1935-36

Source of market information	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Daily paper:																
Only source	35	14	11	-	36	31	25	25	15	2	45	34	37	14	23	41
In combination with other sources	10	62	11	74	2	22	15	13	-	52	14	20	33	2	27	14
Total	45	76	22	74	38	53	40	38	15	54	59	54	70	16	50	55
Radio:																
Only source	1	-	4	-	-	5	-	1	-	-	5	5	1	-	3	1
In combination with other sources	7	12	11	61	2	18	12	8	-	6	12	20	29	1	24	12
Total	8	12	15	61	2	23	12	9	-	6	17	25	30	1	27	13
At gin bulletin board:																
Only source	1	12	-	17	-	4	-	1/	-	10	2	1	-	-	6	-
In combination with other sources	2	59	-	76	-	6	1/	-	-	69	2	1	11	-	4	-
Total	3	71	-	93	-	10	1/	1/	-	79	4	2	11	-	10	-
Local exchange:																
Only source	1	-	1/	-	-	-	-	1	-	-	1/	-	-	-	-	-
In combination with other sources	4	-	1	-	-	1/	1/	5	-	-	1/	-	-	2	2	1
Total	5	-	1	-	-	1/	1/	6	-	-	1/	-	-	2	2	1
Cooperative association basis sheets:																
Only source	-	-	-	-	-	-	-	-	-	8	-	-	-	-	-	-
In combination with other sources	-	-	-	26	-	-	3	-	-	17	1/	-	-	-	2	-
Total	-	-	-	26	-	-	3	-	-	25	1/	-	-	-	2	-
Telegraphic reports:																
Only source	-	-	3	-	-	1	-	-	3	-	-	-	-	-	1/	-
In combination with other sources	1/	1	2	-	-	1	4	1/	-	4	1	-	3	-	4	1
Total	1/	1	5	-	-	2	4	1/	3	4	1	-	3	-	4	1
Verbal information only	13	2	-	-	42	12	-	2	-	-	11	21	20	21	15	36
No information except price offer	37	9	69	-	21	26	61	59	83	17	22	19	8	64	26	8

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 55. - Sources from which growers obtained information relative to quality of cotton sold, and relative importance of each source, by States, season 1935-36

Source of information relative to quality of cotton sold	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Buyers' class 1/	20	37	15	20	-	27	39	39	6	62	22	27	18	11	39	4
U. S. Department of Agriculture class 2/	4	2	4	2	2	3	4	3	2	7	1	2	2	3	3	1
Licensed classers' class	-	-	-	-	-	1	9	-	-	-	-	4	-	-	8	1
Warehousemen's class	15	-	-	-	-	6	-	-	-	-	1	-	-	-	-	2
Growers' own class	1	1	1	4	-	1	1	2	2	2	3/	-	4	-	2	-
Factors' class	1/	-	1/	-	-	1/	-	4	-	-	1	-	-	-	-	-
Ginners' class	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-
Growers not knowing quality of cotton sold	60	60	80	74	98	62	47	52	90	29	72	67	76	86	48	92
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Includes cooperatives' class.

2/ Primarily classification for grade and staple statistics.

3/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 56. - Facilities used by growers for storage of cotton not sold immediately after ginning and proportionate use of each type, by States, season 1935-36

Type of storage	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Farm	13	-	1	-	-	27	9	2	1/	1/	52	3	22	14	1	57
Gin yard	14	100	33	100	93	6	36	6	100	87	42	72	62	79	29	40
Public cotton yard	-	-	5	-	-	-	4	1/	-	-	1/	7	1/	-	12	-
Public warehouse or compress	72	1/	61	1/	7	67	48	92	1/	13	4	18	14	7	58	3
Railroad platform	-	-	-	-	-	-	3	1/	-	-	2	-	2	-	-	-
Mill warehouse	1	-	-	-	-	-	-	-	-	-	-	-	1/	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 57. - Proportions of cotton sold by growers on specified types of weights, by States, season 1935-36

Weight on which cotton was sold by growers	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Gin weight	20	100	34	100	95	1	37	9	100	46	30	50	41	62	33	16
Compress or warehouse, bonded	78	-	52	-	-	46	48	84	-	54	10	34	16	7	55	1
Compress or warehouse, not bonded	1/	-	9	-	5	53	-	7	-	-	1/	-	1/	-	-	-
Public weigher	2	-	5	-	-	1/	15	1/	-	-	38	16	43	31	12	-
Buyer's weight	-	-	-	-	-	1/	-	-	-	-	22	-	-	-	-	83
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 58. - Places of delivery of cotton to first-buyers and relative importance of each, by States, season 1935-36

Place of delivery of cotton by growers	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Gin yard	16	100	35	99	100	6	32	7	100	43	41	74	30	60	31	50
Farm	2	-	-	-	-	1	1/	1/	-	-	8	1/	1	-	1/	7
Cotton yard	1/	-	23	-	-	16	1	-	-	-	12	7	7	-	12	-
Warehouse or compress	82	-	42	-	-	71	49	78	-	29	15	19	15	9	52	28
Street market	-	-	-	-	-	6	-	-	-	-	1/	-	3	-	-	5
Railroad platform	-	-	1/	1	-	-	18	15	-	28	22	-	38	31	5	10
Mill	1/	-	-	-	-	-	-	1/	-	-	2	-	6	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 59. - Proportions of cotton transported specified distances by growers in making delivery to buyers, by States, season 1935-36

Distance transported	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
No transportation required	55	100	34	100	100	9	32	27	100	52	47	69	37	61	36	50
Less than 1 mile	5	-	12	-	-	33	18	37	-	14	15	22	32	34	38	28
1 mile to 5 miles	3	-	2	-	-	20	38	5	-	34	18	9	13	5	11	2
6 miles to 10 miles	15	-	15	-	-	31	6	21	-	-	13	1/	7	-	7	6
11 miles to 15 miles	13	-	9	-	-	5	1	1/	-	-	6	-	9	-	3	10
16 miles to 25 miles	7	-	3	-	-	2	5	10	-	-	1	-	2	-	2	1
26 miles to 50 miles	2	-	16	-	-	-	-	1/	-	-	1/	-	-	-	-	2
51 miles to 100 miles	-	-	9	-	-	-	-	1/	-	-	-	-	1/	-	3	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 60. - Extent to which cotton was purchased from growers on the basis of quality of individual bales, by States, season 1935-36

Item	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Distinction made for differences in quality based on individual bale classifications:																
Purchased on buyers' own class:																
For grade and staple	42	46	87	45	94	95	68	88	-	65	82	40	98	63	70	-
For grade only	43	26	-	1/	-	1/	-	-	100	-	10	9	1/	-	1	55
Purchased on classification of Grade and Staple Statistics Committee	-	-	-	-	-	3	-	1	-	1/	-	-	2	-	1	-
Purchased on classification of Federal licensed classer:																
Licensed under U. S. Cotton Standards Act	-	-	-	-	-	-	23	-	-	-	-	15	-	-	-	-
Licensed under U. S. Warehouse Act	7	-	-	-	-	-	-	9	-	-	-	-	-	-	12	25
Distinctions made for differences in quality based on methods other than individual bale classification 2/	-	27	7	55	6	-	1/	-	-	12	1	29	1/	31	4	20
No classification or distinction made for differences in quality:																
Round lot 3/ purchases:																
From individual growers	6	1/	-	-	-	2	9	2	-	21	7	2	-	6	12	1/
From pooled lots	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1/	-
Individual bale purchases	2	1	6	-	-	-	-	-	-	2	-	5	-	-	1/	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

2/ Variety planted, growth conditions, etc.

3/ Two or more bales of different qualities purchased at the same price per pound.

Estimates based on a survey of selected markets.

Table 61. - Extent to which first-buyers of cotton owned or had access to the official cotton standards for range in qualities purchased, by States, season 1935-36

Item	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Official standards for grade:																
Buyers owning copies	29	17	5	29	-	3	5	9	33	33	7	20	13	-	10	25
Buyers having access to copies	9	-	10	-	-	41	14	21	-	8	3	25	3	-	43	-
Buyers neither owning nor having access to copies	62	83	85	71	100	56	81	70	67	59	90	55	84	100	47	75
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Official standards for staple:																
Buyers owning copies	19	17	-	29	-	6	10	29	33	33	3	20	3	-	12	12
Buyers having access to copies	14	-	10	-	-	31	14	15	-	8	1	20	6	-	38	-
Buyers neither owning nor having access to copies	67	83	90	71	100	63	76	56	67	59	96	60	91	100	50	88
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Estimates based on a survey in selected markets.

Table 62. - Proportions of first-buyers of cotton engaged in specified related or other activities, by States, season 1935-36

Activities engaged in by first-buyers of cotton	Ala.	Ariz. Calif. N. M. 1/	Ark.	Fla.	Ga.	La.	Miss.	Mo.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Buying only	10	23	42	-	19	51	68	-	29	9	11	-	37	-
Ginning	49	22	44	100	18	23	7	100	38	91	51	96	29	52
Production financing	38	74	16	-	13	21	20	-	44	6	44	-	25	86
Crushing cottonseed	5	27	-	-	-	-	-	-	10	20	7	-	6	9
Operating warehouse or compress	69	22	-	100	50	-	3	-	19	3	59	8	4	57
Cotton manufacturing	1	-	-	-	9	-	2/	-	9	1	12	6	-	6
General merchandising	31	-	3	-	7	21	12	-	42	-	35	-	16	62

1/ Not reported separately by States so as to avoid disclosure of individual operations.

2/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 63. - Proportions of cotton purchased from growers by buyers engaged in specified related and other activities, season 1935-36

Types of activities engaged in by first-buyers of cotton	Ala.	Ariz. Calif. N. M.	Ark.	Fla.	Ga.	La.	Miss.	Mo.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.	U. S.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Buying only	10	23	42	-	19	51	68	-	29	9	11	-	37	-	31
Buying and ginning (includes buying cottonseed)	1	3	26	-	1	10	-	100	2	65	-	75	12	-	13
Buying and production financing	-	14	-	-	-	-	16	-	-	-	-	-	2	15	3
Buying and operating warehouse or compress	22	-	-	-	23	-	-	-	6	-	7	-	-	-	5
Buying and operating cotton mill	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1/
Buying and supply merchant	-	-	-	-	-	-	4	-	3	-	-	-	1	-	1
Buying and other commercial activities	17	-	14	-	26	18	4	-	5	-	3	4	19	-	12
Buying, ginning and production financing	-	14	13	-	-	-	-	-	-	6	3	-	3	-	3
Buying, ginning and crushing cottonseed	1	-	-	-	-	-	-	-	-	17	-	-	3	-	2
Buying, ginning and operating warehouse or compress	11	-	-	-	12	-	-	-	-	-	1	8	-	-	2
Buying, ginning and operating cotton mill	-	-	-	-	-	-	-	-	-	-	-	6	-	-	1/
Buying, ginning and supply merchant	-	-	-	-	-	-	3	-	1/	-	1	-	-	-	1/
Buying, ginning, and other commercial activities	-	-	2	-	1	-	-	-	6	-	1	7	3	14	2
Buying, ginning, production financing and crushing cottonseed	-	2	-	-	-	-	-	-	-	-	-	-	-	9	1/
Buying, ginning, production financing and operating warehouse or compress	7	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Buying, ginning, production financing and supply merchant	-	-	3	-	-	13	2	-	8	-	5	-	2	4	3
Buying, ginning, production financing and other commercial activities	-	-	-	-	-	-	-	-	2	-	-	-	2	-	1
Buying, ginning, production financing, crushing cottonseed and operating warehouse or compress	-	3	-	-	-	-	-	-	-	-	-	-	-	-	1/
Buying, ginning, production financing, crushing cottonseed and supply merchant	-	-	-	-	-	-	-	-	4	-	-	-	-	-	1/
Buying, ginning, production financing, crushing cottonseed and other commercial activities	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1/
Buying, ginning, production financing, crushing cottonseed, operating warehouse and supply merchant	4	-	-	-	-	-	-	-	2	-	-	-	-	-	1
Buying, production financing and crushing cottonseed	-	22	-	-	-	-	-	-	-	-	-	-	3	-	2
Buying, production financing and operating warehouse	-	19	-	-	-	-	-	-	-	-	-	-	-	-	1
Buying, production financing and supply merchant	2	-	-	-	1	8	-	-	7	-	11	-	9	1	4
Buying, production financing and other commercial activities	-	-	-	-	-	-	-	-	4	-	-	-	1/	-	1/
Buying, production financing, operating warehouse and supply merchant	-	-	-	-	-	-	-	-	2	-	5	-	-	32	1
Buying, production financing, operating warehouse and other commercial activities	-	-	-	-	7	-	7	-	-	-	-	-	-	-	1

(See footnote at end of table on next page.)

Table 63. - Proportions of cotton purchased from growers by buyers engaged in specified related and other activities, season 1935-36 (continued)

Types of activities engaged in by first-buyers of cotton	Ala.	Ariz. Calif. N. M.	Ark.	Fla.	Ga.	La.	Miss.	Mo.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.	U. S.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Buying, production financing, supply merchant and other commercial activities	-	-	-	-	2	-	-	-	6	-	5	-	1/	-	1
Buying, operating warehouse and supply merchant	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1/
Buying, operating warehouse and other commercial activities	-	-	-	-	4	-	-	-	-	-	7	-	-	-	1
Buying, operating warehouse, supply merchant and other commercial activities	-	-	-	-	-	-	-	-	1/	-	-	-	-	-	1/
Buying, ginning, production financing, operating warehouse and supply merchant	25	-	-	-	-	-	2	-	7	-	6	-	3	-	4
Buying, ginning, operating warehouse, supply merchant and other commercial activities	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1/
Buying, ginning, production financing, operating warehouse, supply merchant and other commercial activities	-	-	-	-	3	-	-	-	-	-	2	-	1	25	1
Buying, ginning, operating warehouse and other commercial activities	-	-	-	100	-	-	-	-	1/	-	18	-	-	-	2
Buying, ginning, production financing, operating warehouse and other commercial activities	-	-	-	-	-	-	-	-	1/	-	7	-	-	-	1
Buying, ginning, crushing cottonseed and supply merchant	-	-	-	-	-	-	-	-	2	-	-	-	-	-	1/
Buying, ginning, production financing, crushing cottonseed, operating warehouse, supply merchant and other commercial activities	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1/
Buying, ginning, supply merchant and other commercial activities	-	-	-	-	-	-	-	-	1/	-	-	-	1/	-	1/
Buying, ginning, production financing, supply merchant and other commercial activities	-	-	-	-	-	-	-	-	1/	-	-	-	1/	-	1/
Buying, ginning, operating cotton mill and other commercial activities	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1/
Buying, ginning, operating warehouse and operating cotton mill	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1/
Buying, ginning, crushing cottonseed and operating warehouse or compress	-	-	-	-	-	-	-	-	-	3	-	-	1/	-	1/
Buying, ginning, crushing cottonseed and other commercial activities	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1/
Buying, ginning, crushing cottonseed, operating warehouse and other commercial activities	-	-	-	-	-	-	-	-	-	-	6	-	-	-	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 64. - Proportions of cotton purchased by first-buyers operating under specified conditions, by States, season 1935-36

Basis on which buyers operate	Ala.	Ariz. Calif. N. M. 1/	Ark.	Fla.	Ga.	La.	Miss.	Mo.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Independently	89	38	93	100	80	54	61	100	83	47	85	100	73	44
Representatives of other firms:														
On salary	5	49	-	-	10	37	17	-	11	45	8	-	16	41
On commission	1	8	7	-	10	9	22	-	6	-	7	-	2	15
On joint account	5	5	-	-	-	-	-	-	-	8	-	-	9	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Not reported separately so as to avoid disclosure of individual operations.

Estimates based on a survey in selected markets.

Table 65. - Relative importance of specified sources of finance for first-buyers of cotton, by States, season 1935-36

Source of funds for purchase of cotton	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Local bank	85	12	69	30	50	73	35	53	100	35	28	37	61	100	77	-
Out of town bank	12	57	18	55	-	5	-	12	-	36	9	5	20	-	5	-
Central-market cotton merchant	-	31	7	15	50	12	20	19	-	29	11	-	4	-	1	88
Cooperative association	-	-	6	-	-	3	28	16	-	-	-	9	-	-	11	-
Own funds	3	-	-	-	-	-	17	-	-	-	51	18	5	-	6	12
Cottonseed oil mill	-	-	-	-	-	-	-	-	-	-	1/	31	-	-	-	-
Cotton mill	-	-	-	-	-	7	-	-	-	-	1	-	10	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 66. - Extent to which prices paid by first-buyers of cotton were based on specified market quotations, by States, season 1935-36

Market on which prices are based	Ala.	Ariz. Calif. N. M. 1/	Ark.	Fla.	Ga.	La.	Miss.	Mo.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
New York futures	76	100	100	100	64	100	100	100	93	96	88	100	99	58
Nearest central market	10	-	-	-	8	-	-	-	1	4	2	-	1	42
Alabama and Georgia mill prices	14	-	-	-	19	-	-	-	-	-	-	-	-	-
Carolina mill prices	-	-	-	-	-	-	-	-	6	-	10	-	-	-
No definite base	-	-	-	-	7	-	-	-	-	-	-	-	-	-
Ten designated spot markets	-	-	-	-	2	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Not reported separately so as to avoid disclosure of individual operations.

Estimates based on a survey in selected markets.

Table 67. - Seasonal distribution of purchases 1/ and sales 2/ of cotton by first-buyers, by States, season 1935-36 (cumulative proportions)

Year and month	Alabama		Arizona, California, and New Mexico 3/		Arkansas		Florida		Georgia		Louisiana		Mississippi		Missouri		North Carolina		Oklahoma		South Carolina		Tennessee		Texas		Virginia	
	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales	Pur-chases	Sales
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1935																												
August 4/	4	15	3	16	1	-	13	19	7	8	6	8	2	7	-	-	3	5/	-	-	3	1	-	-	8	22	-	-
September	29	53	11	15	20	11	59	65	28	29	37	53	27	42	13	13	10	10	5	3	22	20	11	15	25	36	1	2
October	58	83	22	39	54	49	81	95	58	58	67	87	62	77	45	50	38	35	33	30	52	54	48	58	56	65	17	23
November	80	92	41	63	79	73	86	99	78	76	85	99	81	89	74	78	64	58	63	62	75	79	81	87	77	80	64	52
December	85	96	64	76	91	86	87	100	84	85	93	100	89	94	92	89	77	75	83	89	84	89	91	98	88	90	77	69
1936																												
January	91	99	74	88	94	95	89	-	87	91	94	5/	92	97	93	95	84	85	91	99	88	92	94	100	93	95	84	74
February	93	100	86	93	95	98	92	-	89	96	95	5/	95	99	94	99	87	92	93	100	91	95	95	5/	94	98	94	83
March	96	5/	91	96	96	100	93	-	93	99	96	5/	96	100	95	100	92	97	94	5/	94	98	96	5/	95	99	95	91
April	97	5/	93	98	97	5/	94	-	95	100	97	5/	97	5/	97	-	96	99	97	-	96	100	97	-	96	100	96	97
May	98	5/	96	100	98	-	95	-	98	-	98	-	98	5/	98	-	98	100	98	-	98	5/	98	-	97	5/	97	100
June	99	-	98	5/	99	-	99	-	99	-	99	-	99	5/	99	-	99	5/	99	-	99	-	99	-	98	5/	99	-
July	100	-	100	5/	100	-	100	-	100	-	100	-	100	5/	100	-	100	5/	100	-	100	-	100	-	100	5/	100	-

1/ U. S. Dept. of Agr., Bureau of Agricultural Economics, estimated monthly cotton marketings by farmers in percentage of year's sales, 1935-36. January, 1936, p. 1. (Multigraphed Report.) Presumably marketings refer to delivery of cotton to buyers and do not include sales made by growers for forward delivery.

2/ Estimates based on a survey in selected markets. Includes sales made by marketing agencies for forward delivery.

3/ Not shown separately so as to avoid disclosure of individual operations.

4/ Includes all cotton purchased and sold from the 1935 crop prior to September 1.

5/ Less than 0.5 percent.

Table 68. - Proportionate use by first-buyers of specified types of facilities for storage of cotton between time of purchase and time of re-sale, by States, season 1935-36

Type of storage	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Public warehouse or compress	93	44	42	64	100	94	52	89	-	63	25	45	16	-	50	10
Gin yard	7	56	42	36	-	1	22	3	100	37	19	26	9	74	37	57
Public cotton yard 1/	-	-	8	-	-	-	-	-	-	-	22	24	22	-	10	-
Private warehouse 2/	-	-	-	-	-	5	-	8	-	-	19	5	40	6	2	33
Railroad platform	-	-	8	-	-	-	24	-	-	-	13	-	13	20	1	-
Open lot at store	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
Farm	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Not stored, sold immediately	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Includes cotton stored on public weigher's platforms.

2/ Includes cotton stored at mill warehouses.

Estimates based on a field survey in selected markets.

Table 69. - Proportions of cotton resold by first-buyers under specified conditions with respect to the determination of quality, by States, season 1935-36

Means employed for determination of quality	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Sold on sample	40	45	61	10	-	57	47	80	-	33	21	50	68	54	63	64
Sold against type	18	29	-	31	-	4	-	4	-	40	-	10	-	-	6	-
Sold on standard description with classification by:																
Buyers' take-up man	21	26	11	30	100	4	20	5	-	-	33	13	20	23	11	2
After cotton was shipped in	19	-	15	7	-	19	17	9	-	-	31	17	11	3	8	34
Seller	-	-	-	11	-	6	-	-	-	23	-	-	-	5	2	-
Federal licensed classer	-	-	-	-	-	-	15	1	-	-	-	8	-	-	8	-
Grade and Staple Statistics Committee	-	-	-	-	-	1	-	-	-	-	1/	-	-	-	-	-
Board of Cotton Examiners	-	-	-	-	-	-	-	-	-	1/	-	-	-	-	1/	-
Sold without examination of cotton by second-buyer	2	-	13	11	-	9	1	1	100	4	15	2	1	15	2	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey of selected markets.

Table 70. - Proportions of cotton growers willing to delay sale of cotton for specified periods in order to have classification as a basis for selling, by States, season 1935-36

Days growers would delay sale	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S.C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Same day	17	11	19	7	32	1	1/	2	-	-	8	1	2	-	4	-
1 day	1	-	1/	-	15	1	1/	1	-	-	1/	-	5	1	1/	-
2 days	2	-	1	-	-	-	1/	1	-	2	1	1/	1	1	1	-
3 days	2	2	4	2	6	2	1	1	-	4	3	1	4	1	5	-
4 days	5	4	7	2	7	4	4	4	-	4	1	6	5	6	9	-
5 days	16	4	19	17	11	11	16	7	18	19	5	15	14	18	13	11
6 days	6	6	12	11	6	5	8	7	20	12	-	4	7	9	6	1
7 days	14	42	13	41	15	19	11	17	2	21	21	6	12	4	12	10
8 days	4	17	-	5	2	5	1/	3	-	-	3	1/	1	-	2	-
9 days	1	2	-	2	-	1	1/	1/	-	-	1/	1/	-	-	1/	-
10 days	19	8	9	9	4	11	14	16	-	17	19	4	14	-	8	1
11 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1/	-
12 days	1	2	-	-	-	1	-	1	-	-	-	-	-	-	-	-
13 days	-	-	-	-	-	1/	-	1/	-	2	-	-	-	-	1/	-
14 days	1/	2	-	-	-	3	-	6	-	-	1	8	-	-	-	-
15 days	10	-	-	4	-	12	3	5	-	13	1	1/	6	-	1	-
Do not want service	2	-	16	-	2	24	43	29	60	6	37	55	29	60	39	77
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

Estimates based on a survey in selected markets.

Table 71. - Proportions of cotton crop purchased by buyers willing to purchase cotton from growers on official classification under specified conditions, by States, season 1935-36

Attitude of buyers toward basing purchases on official classification	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. M.	N. C.	Okla.	S. C.	Tenn.	Tex.	Va.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Willing to purchase on official classification based on:																
Either press-box or cut samples	33	25	15	-	100	28	-	11	-	42	18	33	16	29	24	12
Press-box samples only	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Cut samples only 1/	5	-	15	7	-	16	76	18	67	17	32	17	28	29	22	-
Not willing to purchase on official classification	62	75	70	93	-	56	24	71	33	41	49	50	56	42	54	88
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

1/ Samples drawn from both sides of each bale by a Government licensed and bonded or other reliable sampler.

Estimates based on a survey in selected markets.

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